



California Regulatory Notice Register

REGISTER 2005, NO. 48-Z

PUBLISHED WEEKLY BY THE OFFICE OF ADMINISTRATIVE LAW

DECEMBER 2, 2005

PROPOSED ACTION ON REGULATIONS

TITLE 2. FAIR POLITICAL PRACTICES COMMISSION <i>Conflict of Interest Code—Notice File No. Z05-1117-01</i>	Page 1653
Modesto Irrigation District	
TITLE 3. DEPARTMENT OF FOOD AND AGRICULTURE <i>Diaprepes Root Weevil Interior Quarantine—Notice File No. Z05-1122-02</i>	1654
TITLE 3. DEPARTMENT OF FOOD AND AGRICULTURE <i>Mediterranean Fruit Fly Interior Quarantine—Notice File No. Z05-1122-01</i>	1655
TITLE 4. DEPARTMENT OF TRANSPORTATION <i>Outdoor Advertising Permit Fee—Notice File No. Z05-1121-02</i>	1657
TITLE 8. OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD Compressed Air Safety Orders—General Industry Safety Orders—Notice File No. Z05-1118-05	1658
TITLE 10. DEPARTMENT OF INSURANCE <i>Reinsurance Accounting, Agreements and Oversight—Notice File No. Z05-1122-05</i>	1663
TITLE 17. DEPARTMENT OF HEALTH SERVICES <i>Well Logging—Notice File No. Z05-1115-02</i>	1677
TITLE 22. EMPLOYMENT TRAINING PANEL <i>Job Creation—Notice File No. Z05-1121-01</i>	1680
TITLE MPP. DEPARTMENT OF SOCIAL SERVICES <i>CalWORKs Program Changes—Notice File No. Z05-1121-04</i>	1681

GENERAL PUBLIC INTEREST

BOARD OF FORESTRY AND FIRE PROTECTION <i>Correction to Notice of Proposed Rulemaking, Title 14 (CCR), Section 1261, OAL File No. Z05-1108-01</i>	1684
---	------

(Continued on next page)

*Time-
Dated
Material*

DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING <i>California Employer Identification Report (CEIR)</i>	1684
--	------

DECISION NOT TO PROCEED

CALIFORNIA HORSE RACING BOARD <i>Decision Not to Proceed with Rule 1844, Veterinary Practices Originally Published in the CRNR on October 14, 2005</i>	1685
---	------

PROPOSITION 65

OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT <i>Chemicals Known to the State to Cause Cancer or Reproductive Toxicity, December 2, 2005</i>	1685
OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT <i>Chemicals Listed Effective December 2, 2005 As Known to the State of California to Cause Reproductive Toxicity</i>	1686

SUMMARY OF REGULATORY ACTIONS

Regulations filed with the Secretary of State.....	1694
Sections Filed, June 29, 2005 through November 23, 2005	1696

The *California Regulatory Notice Register* is an official state publication of the Office of Administrative Law containing notices of proposed regulatory actions by state regulatory agencies to adopt, amend or repeal regulations contained in the California Code of Regulations. The effective period of a notice of proposed regulatory action by a state agency in the *California Regulatory Notice Register* shall not exceed one year [Government Code § 11346.4(b)]. It is suggested, therefore, that issues of the *California Regulatory Notice Register* be retained for a minimum of 18 months.

CALIFORNIA REGULATORY NOTICE REGISTER (ISSN 1041-2654) is published weekly by the Office of Administrative Law, 300 Capitol Mall, Suite 1250, Sacramento, CA 95814-4339. The Register is printed by the Office of State Publishing and is offered by subscription for \$302.00 (annual price). To order or make changes to current subscriptions, please call (916) 445-5353 or (916) 445-5386. For outside of the Sacramento area, call (800) 963-7860. Periodicals postage paid at Sacramento, CA and additional mailing offices. **POSTMASTER:** Send address changes to the: CALIFORNIA REGULATORY NOTICE REGISTER, Customer Coordinator, Office of State Publishing, 344 N. 7th Street, Mass Mail/Addressing Services, Sacramento, CA 95814-0212. The Register can also be accessed at <http://www.oal.ca.gov>.

United States Postal Service

Statement of Ownership, Management, and Circulation

1. Publication Title <u>California Regulatory Notice Register</u>		2. Publication Number <div style="border: 1px solid black; padding: 2px; display: inline-block;"> 002-931 </div>		3. Filing Date <u>11-18-05</u>	
4. Issue Frequency <u>weekly</u>		5. Number of Issues Published Annually <u>52</u>		6. Annual Subscription Price <u>\$302-</u>	
7. Complete Mailing Address of Known Office of Publication (Not printer) (Street, city, county, state, and ZIP+4) <u>OFF OF ADMINISTRATIVE LAW</u> <u>300 CAPITOL MALL, SUITE 1250</u> <u>SACRAMENTO, CA 95814-4339</u>				Contact Person <u>MELVIN FONG</u> Telephone <u>324-7952</u>	
8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer) <u>OFF OF ADMINISTRATIVE LAW</u> <u>300 CAPITOL MALL, SUITE 1250</u> <u>SACRAMENTO, CA 95814-4339</u>					
9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Managing Editor (Do not leave blank)					
Publisher (Name and complete mailing address) <u>OFF OF ADMINISTRATIVE LAW</u> <u>300 CAPITOL MALL, SUITE 1250</u> <u>SACRAMENTO, CA 95814-4339</u>					
Editor (Name and complete mailing address) <u>SAME</u>					
Managing Editor (Name and complete mailing address) <u>LINDA BROWN</u> <u>SAME</u>					
10. Owner (Do not leave blank. If the publication is owned by a corporation, give the name and address of the corporation immediately followed by the names and addresses of all stockholders owning or holding 1 percent or more of the total amount of stock. If not owned by a corporation, give the names and addresses of the individual owners. If owned by a partnership or other unincorporated firm, give its name and address as well as those of each individual owner. If the publication is published by a nonprofit organization, give its name and address.)					
Full Name <u>STATE OF CALIFORNIA</u>			Complete Mailing Address <u>see above</u>		
11. Known Bondholders, Mortgagees, and Other Security Holders Owning or Holding 1 Percent or More of Total Amount of Bonds, Mortgages, or Other Securities. If none, check box <input checked="" type="checkbox"/> None					
Full Name			Complete Mailing Address		
12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates) (Check one) The purpose, function, and nonprofit status of this organization and the exempt status for federal income tax purposes: <input checked="" type="checkbox"/> Has Not Changed During Preceding 12 Months <input type="checkbox"/> Has Changed During Preceding 12 Months (Publisher must submit explanation of change with this statement)					

13. Publication Title
California Regulatory Notice Register

14. Issue Date for Circulation Data Below
11-11-2005

15. Extent and Nature of Circulation

		Average No. Copies Each Issue During Preceding 12 Months	No. Copies of Single Issue Published Nearest to Filing Date
a.	Total Number of Copies (Net press run)	<i>332</i>	<i>332</i>
b. Paid and/or Requested Circulation	(1) Paid/Requested Outside-County Mail Subscriptions Stated on Form 3541. (Include advertiser's proof and exchange copies)	<i>248</i>	<i>241</i>
	(2) Paid In-County Subscriptions Stated on Form 3541 (Include advertiser's proof and exchange copies)		
	(3) Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Non-USPS Paid Distribution		
	(4) Other Classes Mailed Through the USPS		
c.	Total Paid and/or Requested Circulation (Sum of 15b. (1), (2), (3), and (4))	<i>248</i>	<i>241</i>
d. Free Distribution by Mail (Samples, complimentary, and other free)	(1) Outside-County as Stated on Form 3541		
	(2) In-County as Stated on Form 3541		
	(3) Other Classes Mailed Through the USPS		
e.	Free Distribution Outside the Mail (Carriers or other means)	<i>37</i>	<i>37</i>
f.	Total Free Distribution (Sum of 15d. and 15e.)	<i>37</i>	<i>37</i>
g.	Total Distribution (Sum of 15c. and 15f.)	<i>285</i>	<i>278</i>
h.	Copies not Distributed	<i>47</i>	<i>54</i>
i.	Total (Sum of 15g. and h.)	<i>332</i>	<i>332</i>
j.	Percent Paid and/or Requested Circulation (15c. divided by 15g. times 100)	<i>87%</i>	<i>86.7%</i>

16. Publication of Statement of Ownership
☐ Publication required. Will be printed in the *Dec. 2, 2005* issue of this publication.
☐ Publication not required.

17. Signature and Title of Editor, Publisher, Business Manager, or Owner
Linda C Brown Deputy Director of OAL
 Date *11-22-05*

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).

Instructions to Publishers

- Complete and file one copy of this form with your postmaster annually on or before October 1. Keep a copy of the completed form for your records.
- In cases where the stockholder or security holder is a trustee, include in items 10 and 11 the name of the person or corporation for whom the trustee is acting. Also include the names and addresses of individuals who are stockholders who own or hold 1 percent or more of the total amount of bonds, mortgages, or other securities of the publishing corporation. In item 11, if none, check the box. Use blank sheets if more space is required.
- Be sure to furnish all circulation information called for in item 15. Free circulation must be shown in items 15d, e, and f.
- Item 15h., Copies not Distributed, must include (1) newsstand copies originally stated on Form 3541, and returned to the publisher, (2) estimated returns from news agents, and (3), copies for office use, leftovers, spoiled, and all other copies not distributed.
- If the publication had Periodicals authorization as a general or requester publication, this Statement of Ownership, Management, and Circulation must be published; it must be printed in any issue in October or, if the publication is not published during October, the first issue printed after October.
- In item 16, indicate the date of the issue in which this Statement of Ownership will be published.
- Item 17 must be signed.

Failure to file or publish a statement of ownership may lead to suspension of Periodicals authorization.

PROPOSED ACTION ON REGULATIONS

Information contained in this document is published as received from agencies and is not edited by the Office of State Publishing.

TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission, pursuant to the authority vested in it by Sections 82011, 87303 and 87304 of the Government Code to review proposed conflict of interest codes, will review the proposed/amended conflict of interest codes of the following:

CONFLICT OF INTEREST CODES

ADOPTION/AMENDMENT

Modesto Irrigation District

A written comment period has been established commencing on **December 2, 2005** and closing on **January 16, 2006**. Written comments should be directed to the Fair Political Practices Commission, Attention Teri Rindahl, 428 J Street, Suite 620, Sacramento, California 95814.

At the end of the 45-day comment period, the proposed conflict of interest code(s) will be submitted to the Commission's Executive Director for his review; unless any interested person or his or her duly authorized requests, no later than 15 days prior to the close of the written comment period, a public hearing before the full Commission. If a public hearing is requested, the proposed code(s) will be submitted to the Commission for review.

The Executive Director or the Commission will review the above-referenced conflict of interest code(s), proposed pursuant to Government Code Section 87300, which designate, pursuant to Government Code Section 87302, employees who must disclose certain investments, interests in real property and income.

The Executive Director or the Commission, upon his or its own motion or at the request of any interested person, will approve, or revise and approve, or return the proposed code(s) to the agency for revision and re-submission within 60 days without further notice.

Any interested person may present statements, arguments or comments, in writing to the Executive Director of the Commission, relative to review of the

proposed conflict of interest code(s). Any written comments must be received no later than **January 16, 2006**. If a public hearing is to be held, oral comments may be presented to the Commission at the hearing.

COST TO LOCAL AGENCIES

There shall be no reimbursement for any new or increased costs to local government which may result from compliance with these codes because these are not new programs mandated on local agencies by the codes since the requirements described herein were mandated by the Political Reform Act of 1974. Therefore, they are not "costs mandated by the state" as defined in Government Code Section 17514.

EFFECT ON HOUSING COSTS AND BUSINESSES

Compliance with the codes has no potential effect on housing costs or on private persons, businesses or small businesses.

AUTHORITY

Government Code Sections 82011, 87303 and 87304 provide that the Fair Political Practices Commission as the code reviewing body for the above conflict of interest codes shall approve codes as submitted, revise the proposed code and approve it as revised, or return the proposed code for revision and re-submission.

REFERENCE

Government Code Sections 87300 and 87306 provide that agencies shall adopt and promulgate conflict of interest codes pursuant to the Political Reform Act and amend their codes when change is necessitated by changed circumstances.

CONTACT

Any inquiries concerning the proposed conflict of interest code(s) should be made to Teri Rindahl, Fair Political Practices Commission, 428 J Street, Suite 620, Sacramento, California 95814, telephone (916) 322-5660.

AVAILABILITY OF PROPOSED CONFLICT OF INTEREST CODES

Copies of the proposed conflict of interest codes may be obtained from the Commission offices or the respective agency. Requests for copies from the Commission should be made to Teri Rindahl, Fair Political Practices Commission, 428 J Street, Suite 620, Sacramento, California 95814, telephone (916) 322-5660.

TITLE 3. DEPARTMENT OF FOOD AND AGRICULTURE

NOTICE IS HEREBY GIVEN that the Department of Food and Agriculture adopted Section 3433, of the regulations in Title 3 of the California Code of Regulations pertaining to Diaprepes Root Weevil Interior Quarantine as an emergency action that was effective on October 24, 2005. The Department proposes to continue the regulation as amended and to complete the adoption process by submission of a Certificate of Compliance no later than February 21, 2006.

A public hearing is not scheduled. A public hearing will be held if any interested person, or his or her duly authorized representative, submits a written request for a public hearing to the Department no later than 15 days prior to the close of the written comment period. Following the public hearing if one is requested, or following the written comment period if no public hearing is requested, the Department of Food and Agriculture, at its own motion, or at the instance of any interested person, may adopt the proposal substantially as set forth without further notice.

Notice is also given that any person interested may present statements or arguments in writing relevant to the actions proposed to the agency officer named below on or before January 16, 2006.

Following the public hearing and the written comment period, the Department of Food and Agriculture may certify that there was compliance with provisions of Section 11346.1 of the Government Code within 120 days of the emergency regulation.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Existing law obligates the Department of Food and Agriculture to protect the agricultural industry of California and prevent the spread of injurious pests (Food and Agricultural Code Sections 401 and 403). Existing law provides the Secretary may establish, maintain, and enforce quarantine regulations, as he deems necessary, to circumscribe and exterminate or prevent the spread of pests (Food and Agricultural Code, Sections 5301, 5302 and 5322).

The amendment of Section 3433 established a quarantine area of approximately one and one half square miles surrounding the Long Beach area of Los Angeles County. The effect of this amendment is to provide authority for the State to regulate movement of the articles and commodities covered that may move life stages of the Diaprepes root weevil from, into, and within that area under quarantine to prevent artificial spread of the weevil to noninfested areas to protect California's agricultural industry. There is no existing, comparable federal regulation or statute.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The Department of Food and Agriculture has determined that Section 3433 does not impose a mandate on local agencies or school districts, except that an agricultural commissioner of a county under quarantine has a duty to enforce Section 3433. No reimbursement is required for Section 3433 under Section 17561 of the Government Code because the Agricultural Commissioner of Los Angeles County requested the change in the regulation.

The Department also has determined that the amended regulation will involve no additional costs or savings to any state agency, no reimbursable costs or savings under Part 7 (commencing with Section 17500) of Division 4 of the Government Code to local agencies or school districts, no nondiscretionary costs or savings to local agencies or school districts, and no costs or savings in federal funding to the State.

EFFECT ON HOUSING COSTS

The Department has made an initial determination that the proposed action will not affect housing costs.

EFFECT ON BUSINESSES

The Department has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting some California businesses, including the ability of California businesses to compete with businesses in other states.

COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS

The cost impact of the amended regulation on a representative private person or business is not expected to be significantly adverse. The Department does not know of additional costs a representative person or business would incur in reasonable compliance with the proposed action.

ASSESSMENT

The Department has made an assessment that the proposed amendment to the regulation would not (1) create or eliminate jobs within California, (2) create new business or eliminate existing businesses within California, or (3) affect the expansion of businesses currently doing business within California.

ALTERNATIVES CONSIDERED

The Department of Food and Agriculture must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for

which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AUTHORITY

The Department proposes to amend Section 3433 pursuant to the authority vested by Sections 407, 5301, 5302 and 5322 of the Food and Agricultural Code.

REFERENCE

The Department proposes this action to implement, interpret and make specific Sections 5301, 5302 and 5322 of the Food and Agricultural Code.

EFFECT ON SMALL BUSINESS

The amendment of this regulation may affect small businesses.

CONTACT

The agency officer to whom written comments and inquiries about the initial statement of reasons, proposed action, location of the rulemaking file, request for a public hearing, and final statement of reasons may be directed is: Stephen S. Brown, Department of Food and Agriculture, Plant Health and Pest Prevention Services, 1220 N Street, Room A-316, Sacramento, California 95814, (916) 654-1017, FAX (916) 654-1018, E-mail: sbrown@cdfa.ca.gov. In his absence, you may contact Liz Johnson at (916) 654-1017.

Questions regarding the substance of the proposed regulation should be directed to Stephen S. Brown.

INTERNET ACCESS

The Department has posted the information regarding this proposed regulatory action on its Internet website (www.cdfa.ca.gov/cdfa/pendingregs).

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Department of Food and Agriculture has prepared an initial statement of reasons for the proposed action, has available all the information upon which its proposal is based, and has available the express terms of the proposed action. A copy of the initial statement of reasons and the proposed regulation in underline and strikeout form may be obtained upon request. The location of the information on which the proposal is based may also be obtained upon request. In addition, the final statement of reasons will be available upon request. Requests should be directed to the contact named herein.

If the regulation amended by the Department differs from, but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of amendment. Any

person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency officer (contact) named herein.

TITLE 3. DEPARTMENT OF FOOD AND AGRICULTURE

NOTICE IS HEREBY GIVEN that the Department of Food and Agriculture amended Section 3406(b) of the regulations in Title 3 of the California Code of Regulations pertaining to the Mediterranean Fruit Fly Interior Quarantine as an emergency action that was effective on October 19, 2005. The Department proposes to continue the regulation as amended and to complete the amendment process by submission of a Certificate of Compliance no later than February 16, 2006.

A public hearing is not scheduled. A public hearing will be held if any interested person, or his or her duly authorized representative, submits a written request for a public hearing to the Department contact no later than 15 days prior to the close of the written comment period. Following the public hearing if one is requested, or following the written comment period if no public hearing is requested, the Department of Food and Agriculture may certify that there was compliance with the provisions of Section 11346.1 of the Government Code within 120 days of the emergency regulation.

Notice is also given that any person interested may present statements or arguments in writing relevant to the action proposed to the agency officer named below on or before January 16, 2006.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Existing law obligates the Department of Food and Agriculture to protect the agricultural industry in California and prevent the spread of injurious pests (Food and Agricultural Code, Sections 401 and 403). Existing law also provides that the Secretary may establish, maintain, and enforce such regulations as he deems necessary to prevent the spread of pests to protect California's agricultural industry (Food and Agricultural Code, Section 5322).

This amendment established a new quarantine area for Mediterranean fruit fly of approximately 77 square miles surrounding the San Jose area of Santa Clara County to the existing area under quarantine for Mediterranean fruit fly surrounding the Rancho Cucamonga area of San Bernardino County. The effect of the amendment was to implement the authority for the State to regulate movement of hosts and possible carriers of Mediterranean fruit fly within and from the additional 77 square mile area under quarantine in Santa Clara County to prevent artificial spread of the

fly to noninfested areas in order to protect California's agricultural industry. There is no existing, comparable federal regulation or statute.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The Department of Food and Agriculture has determined that Section 3406 does not impose a mandate on local agencies or school districts, except that an agricultural commissioner of a county under quarantine has a duty to enforce it. No reimbursement is required under Section 17561 of the Government Code because the Santa Clara County Agricultural Commissioner requested that this area become the area under quarantine; therefore, there are no mandated costs associated with the addition of the San Jose area to the regulation.

The Department also has determined that the regulation will involve no costs or savings to any state agency, no nondiscretionary costs or savings to local agencies or school districts, no reimbursable costs or savings to local agencies or school districts under Part 7 (commencing with Section 17500) of Division 4 of the Government Code, and no costs or savings in federal funding to the State.

EFFECT ON HOUSING COSTS

The Department has made an initial determination that the proposed action will not affect housing costs.

EFFECT ON BUSINESSES

The Department has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting California businesses, including the ability of California businesses to compete with businesses in other states.

COST IMPACT ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS

The cost impact of the amended regulation on a representative private person or business is not expected to be significantly adverse. A representative person or business could incur costs of approximately \$85 per year in reasonable compliance with the proposed action.

ASSESSMENT

The Department has made an assessment that the proposed amendment to the regulation would not (1) create or eliminate jobs within California, (2) create new business or eliminate existing businesses within California, or (3) affect the expansion of businesses currently doing business within California.

ALTERNATIVES CONSIDERED

The Department of Food and Agriculture must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AUTHORITY

The Department amended Section 3406(b) pursuant to the authority vested by Sections 407, 5301, 5302, and 5322 of the Food and Agricultural Code of California.

REFERENCE

The Department amended Section 3406(b) to implement, interpret and make specific Sections 5301, 5302, and 5322, Food and Agricultural Code.

EFFECT ON SMALL BUSINESS

The amendment of this regulation may affect small businesses.

CONTACT

The agency officer to whom written comments and inquiries about the initial statement of reasons, proposed action, location of the rulemaking file, request for a public hearing, and final statement of reasons may be directed is: Stephen S. Brown, Department of Food and Agriculture, Plant Health and Pest Prevention Services, 1220 N Street, Room A-316, Sacramento, California 95814, (916) 654-1017, FAX (916) 654-1018, E-mail: sbrown@cdfa.ca.gov. In his absence, you may contact Liz Johnson at (916) 654-1017. Questions regarding the substance of the proposed regulations should be directed to Stephen S. Brown.

INTERNET ACCESS

The Department has posted the information regarding this proposed regulatory action on its Internet website (www.cdfa.ca.gov/cdfa/pendingregs).

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Department of Food and Agriculture has prepared an initial statement of reasons for the proposed action, has available all the information upon which its proposal is based, and has available the express terms of the proposed action. A copy of the initial statement of reasons and the proposed regulations in underline and strikeout form may be obtained upon request. The location of the information on which the proposal is based may also be obtained upon

request. In addition, the final statement of reasons is available upon request. Requests should be directed to the contact named herein.

If the regulations adopted by the Department differ from, but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency officer (contact) named herein.

TITLE 4. DEPARTMENT OF TRANSPORTATION

NOTICE OF PROPOSED RULEMAKING TO ALL INTERESTED PERSONS

The California Department of Transportation ("Department") proposes to adopt the proposed regulations described below after considering all comments, objections and recommendations regarding the proposed action. Following the public hearing and comment period, the proposal may be adopted substantially as set forth without further notice.

PUBLIC HEARING

The Department will hold a public hearing starting at 10:00 a.m. on January 23, 2006, at 1120 N Street, Room 1450, Sacramento, California. The building is wheelchair accessible. At the hearing, any person may present statements or arguments orally or in writing relevant to the proposed action described in the Informative Digest. The Department requests but does not require that persons who make oral comments at the hearing also submit a written copy of their testimony at the hearing.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department. The written comment period closes at 5:00 p.m. on January 23, 2006. The Department will consider only comments received at the Department by that time. Submit comments to:

James Arbis or Joel Ibarra
Division of Traffic Operations
Office of Outdoor Advertising
California Department of Transportation
1120 N Street, MS-36
Sacramento, CA 95814

AUTHORITY AND REFERENCE

Business and Professions Code, Sections 5250 and 5415 authorize the Department to adopt the proposed

regulatory actions that would implement, interpret or make specific Section 5485(a)(2) of the Business and Professions Code.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Department proposes to adopt Section 2422.1 in Title 4 of the California Code of Regulations. Business and Professions Code, Sections 5250 and 5415 authorize and require the Department to promulgate regulations to enforce the Outdoor Advertising Act (Business and Professions Code sections 5200 *et seq.*) consistent with national standards.

The Outdoor Advertising Act and national standards provide specific requirements and restrictions concerning the specifications of outdoor advertising displays and the conduct of outdoor advertising activities, including licensing and permitting requirements. Moreover, there is statutory authority that concerns violation and enforcement provisions related to displays, permits and licenses. The existing regulations were enacted in 1978 and later amended in 1999 to implement State statutory and Federal statutory and regulatory authority.

The proposed regulatory action will implement the Outdoor Advertising Act and national requirements concerning the collection of fees for administering the program. Business and Professions Code, Section 5485 authorizes the Director to set the permit fee for each advertising display.

The proposed regulation, Section 2422.1 is necessary to reduce expenses the Department incurs in administering the program. Permit fees are applied to recover program expenses on operating costs that the program is charged with which funnels through the state highway account.

In conclusion, this regulatory action proposes to adopt regulation in Title 4, Division 6 of the California Code of Regulations for consistency and to effectively serve the Department and the public.

DISCLOSURES REGARDING THE PROPOSED ACTION

The Department has made the following initial determinations:

Mandate on local agencies and school districts: None.

Cost or savings to any state agency: None.

Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None.

Other non-discretionary cost or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.

Significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states: None.

Cost impacts on private person(s) or businesses: The Department is not aware of any cost impacts on private person(s) or businesses that would necessarily incur in reasonable compliance with the proposed regulatory action.

Adoption of this regulatory action will not:

(1) create or eliminate jobs within the state of California;

(2) create new businesses or eliminate existing businesses within the state of California; or

(3) affect the expansion of businesses currently doing business within the state of California.

Significant effect on housing costs: None.

Small Business Determination

The Department has determined that the proposed regulatory action may affect small businesses.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code, Section 11346.5, subdivision (a)(13), the Department must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Department invites interested persons to present statements or arguments with respect to alternatives to the proposed regulatory action at the scheduled hearing or during the written comment period.

CONTACT PERSON

Inquiries concerning the proposed regulatory action may be directed to:

James Arbis or Joel Ibarra
Division of Traffic Operations
Office of Outdoor Advertising
California Department of Transportation
1120 N Street, MS-36
Sacramento, CA 95814
Telephone: (916) 653-3042; CALNET 453-3042

Please direct requests for copies of the proposed text (the "express terms") of the regulatory action, the initial statement of reasons, the modified text of the regulatory action, if any, or other information upon which the rulemaking is based to James Arbis or Joel Ibarra at the above address.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Department will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address during regular business hours. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations and the initial statement of reasons. Copies may be obtained by contacting James Arbis or Joel Ibarra at the address or phone number listed above.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After holding the public hearing and considering all timely and relevant comments received, the Department may adopt the proposed regulations substantially as described in this notice. If the Department makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Department adopts the regulations as revised. Please send requests for copies of any modified regulations to Joel Ibarra at the address indicated above. The Department will accept written comments on the modified regulations for 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting James Arbis or Joel Ibarra at the above address.

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons and the text of the proposed regulation can be accessed through the Department's website at www.dot.ca.gov/oda.

TITLE 8. OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD

NOTICE OF PUBLIC MEETING/PUBLIC HEARING/BUSINESS MEETING OF THE OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD AND NOTICE OF PROPOSED CHANGES TO TITLE 8 OF THE CALIFORNIA CODE OF REGULATIONS

Pursuant to Government Code Section 11346.4 and the provisions of Labor Code Sections 142.1, 142.2, 142.3, 142.4, and 144.6, the Occupational Safety and

Health Standards Board of the State of California has set the time and place for a Public Meeting, Public Hearing, and Business Meeting:

PUBLIC MEETING: On **January 19, 2006**, at 10:00 a.m. in the Auditorium of the Harris State Building, 1515 Clay Street, Oakland, California 94612-1499.

At the Public Meeting, the Board will make time available to receive comments or proposals from interested persons on any item concerning occupational safety and health.

PUBLIC HEARING: On **January 19, 2006**, following the Public Meeting in the Auditorium of the Harris State Building, 1515 Clay Street, Oakland, California 94612-1499.

At the Public Hearing, the Board will consider the public testimony on the proposed changes to occupational safety and health standards in Title 8 of the California Code of Regulations.

BUSINESS MEETING: On **January 19, 2006**, following the Public Hearing in the Auditorium of the Harris State Building, 1515 Clay Street, Oakland, California 94612-1499.

At the Business Meeting, the Board will conduct its monthly business.

The meeting facilities and restrooms are accessible to the physically disabled. Requests for accommodations for the disabled (assistive listening device, sign language interpreters, etc.) should be made to the Board office no later than 10 working days prior to the day of the meeting. If Paratransit services are needed, please contact the Paratransit office nearest you.

NOTICE OF PROPOSED CHANGES TO TITLE 8 OF THE CALIFORNIA CODE OF REGULATIONS BY THE OCCUPATIONAL SAFETY AND HEALTH STANDARDS BOARD

Notice is hereby given pursuant to Government Code Section 11346.4 and Labor Code Sections 142.1, 142.4 and 144.5, that the Occupational Safety and Health Standards Board pursuant to the authority granted by Labor Code Section 142.3, and to implement Labor Code Section 142.3, will consider the following proposed revisions to Title 8, Compressed Air Safety Orders and General Industry Safety Orders of the California Code of Regulations, as indicated below, at its Public Hearing on **January 19, 2006**.

1. **TITLE 8: COMPRESSED AIR SAFETY ORDERS**
Chapter 4, Subchapter 3
GENERAL INDUSTRY SAFETY ORDERS
Chapter 4, Subchapter 7,
New Article 154
Title 8 Reform Element 1, Part 1

A description of the proposed changes are as follows:

1. **TITLE 8: COMPRESSED AIR SAFETY ORDERS**
Chapter 4, Subchapter 3
GENERAL INDUSTRY SAFETY ORDERS
Chapter 4, Subchapter 7,
New Article 154
Title 8 Reform Element 1, Part 1

INFORMATIVE DIGEST OF PROPOSED ACTION/POLICY STATEMENT OVERVIEW

The Occupational Safety and Health Standards Board (Board) initiates this rulemaking as a result of the implementation of the Title 8 Reform Project. The Reform Project was first considered in response to Executive Orders W-127-95 and W-131-96. The Executive Orders directed all state agencies to review their standards and, where possible, repeal unnecessary standards, consolidate duplicative standards, and amend existing state standards to minimize the negative impact on California business and the economy. As a result and as part of the 1997 Budget Act that the Legislature approved and the Governor signed, the Board was given authority to proceed with Title 8 Reform. Numerous advisory committee meetings were convened to consider the need for and scope of reform. During the advisory committee meetings, a consensus was reached that: 1) there was a need to better organize the safety orders in Title 8, Chapter 4, to make the different occupational safety and health requirements easier to locate; 2) any Title 8, Chapter 4, reform activities must be limited to non-substantive changes only; 3) the reform of Title 8, Chapter 4, should include a review and possible reform of all the subchapters in Chapter 4, not just Subchapter 7; and 4) the reform of Title 8, Chapter 4, would consist of eight reform elements as described in Attachment No. 4. This rulemaking is the first of several rulemaking packages that will be developed to implement the Title 8 Reform Project.

Reform Element 1, Parts 1 and 2

Reform Element No. 1, Part 1, includes relocating 14 existing sections titled "Compressed Air Safety Orders" and its two Appendices, currently located in Subchapter 3, into the GISO in Group 26. Addition-

ally, Reform Element No. 1, Part 2, includes identifying all safety orders specific to the agriculture industry and relocating these standards into Subchapter 3, to be titled "Agriculture Safety Orders (AgSO)." A separate subchapter containing all agriculture related safety orders would provide one of California's largest industries with an industry specific subchapter that contains safety orders unique to their operations. This reform element will relocate approximately 35 existing sections from other subchapters into Subchapter 3. Both Parts 1 and 2 of Reform Element 1 will be limited to non-substantive changes only.

As previously stated, the goal of the Title 8 Reform Project is to make the safety orders easier to find, more user friendly, and understandable, thereby increasing both employer and employee awareness, understanding, and compliance with the safety orders affecting their workplace.

PROPOSED ACTION

The Occupational Safety and Health Standards Board (Board) initiates this rulemaking as part of the implementation of the Title 8 Reform Project, Reform Element No.1, Part 1. The proposed rulemaking to transfer the Compressed Air Safety Orders and Appendices A and B from Subchapter 3 to Subchapter 7, General Industry Safety Orders, within Group 26, Diving Operations, as new Article 154 will enhance the organization of Title 8, Chapter 4.

The intent of this proposal is to make the Compressed Air Safety Orders easier to locate and understand, by reorganizing the sections and its Appendices into a more logical order and location. The proposal is intended to increase both employer and employee awareness, understanding, and compliance.

The proposed rulemaking consists only of non-substantive, editorial, reformatting, and renumbering of articles, sections, subsections, and grammatical revisions associated with the transfer of all the CASO's and two Appendices from Subchapter 3 into Subchapter 7, Group 26, as new Article 154 of the GISO, in their entirety. The proposed revisions are clearly indicated in the regulatory text in underline and strikeout format. Additionally, any additional non-substantive revisions to the language currently contained in Subchapter 3, CASO, and its Appendices are highlighted in underline and strikeout format in Subchapter 7, Group 26 of the GISO, as new Article 154.

It is noted that because the proposed transfer of the CASO's is non-substantive, these proposed changes are considered changes without regulatory effect and could be accomplished using the Title 1, Division 1, Section 100 rulemaking process. However, because of the large number of safety orders proposed to be transferred, this proposal will utilize the standard

rulemaking process pursuant to the Administrative Procedure Act and Title 1 of the California Code of Regulations.

Reform Element 1, Part 1—Subchapter 3, Compressed Air Safety Orders

Subchapter 3, consisting of 14 sections and two Appendices, contains safety orders and corresponding decompression tables that apply to places of employment in California whenever persons are employed in compressed air, exclusive of diving work. Because the Compressed Air Safety Orders and Appendices A and B in Subchapter 3 and the Diving Operations safety orders in Group 26 of the General Industry Safety Orders address related, if not similar hazards, processes and principles to control the worksite hazards, and at times use similar equipment, it is logical to combine these two sets of safety orders under the same group heading, Group 26 of the GISO, to improve the organization of Chapter 4, Title 8, CCR. This rulemaking proposes to transfer all the sections and Appendices of Subchapter 3, CASO's to Group 26 of Subchapter 7, GISO to improve the accessibility of the standards. This proposal will have no effect upon the regulated public because the safety orders and related Appendices are proposed for transfer in their entirety into new Article 154, entitled Pressurized Worksite Operations, within Group 26 of the GISO.

Group 26, New Article 154. Pressurized Worksite Operations

This rulemaking proposal will transfer all sections and related Appendices contained in the CASO's, currently in Subchapter 3, into new Article 154 within Group 26 of the GISO. This proposal, to relocate the CASO's and Appendices A and B into new Article 154, will enhance the organization of Chapter 4, Title 8, CCR, and thereby improve the accessibility of the standards by making the CASO's easier to locate within Title 8. This proposal will have no effect upon the regulated public other than to provide clarity and improve the accessibility to the Compressed Air Safety Orders in the proposed new Article 154 of Group 26.

Sections 6074, 6075, 6080, 6095, 6105, 6110, and 6115 are verbatim with no proposed revisions and are proposed for transfer from existing Sections 1204, 1205, 1210, 1225, 1240, 1250, and 1270, respectively. Therefore, this proposal will have no effect upon the regulated public.

Section 6070. Application.

Existing Section 1200, entitled "Application of Orders" is proposed for transfer to new Section 6070, entitled "Application." Existing Section 1200 contains a description of worksite conditions related to employee exposure to a compressed air environment,

which would render the worksite subject to the safety orders in proposed Article 154.

It is proposed to delete the phrase “of Orders” from the title of new Section 6070 as this phrase is unnecessary. This proposal will have no effect on the regulated public as this proposal is a technical edit and is consistent with the format used in GISO.

As clearly noted in the text, the proposed amendments editorially change the original wording from “The following Orders” (indicating all safety orders in Subchapter 3) to “The Orders in this Article” (indicating all safety orders in new Article 154). This editorial change limits the application of the relocated CASO’s to the safety orders in Article 154. Additionally, it is proposed to delete the wording “Machines, equipment, processes, safety devices, and operations not specifically covered by these Orders shall be governed by other applicable safety orders.” This proposal removes wording that is not necessary, since the intent of this requirement is addressed in Sections 3200 and 3202. The proposed editorial changes are non-substantive, and therefore will have no effect upon the regulated public.

Section 6085. Decompression for Normal Conditions, Section 6087. Decompression After Repetitive Exposures, and Section 6089. Decompression by Decanting.

Existing Section 1215, entitled “Normal Conditions;” existing Section 1216, entitled “Repetitive Exposures;” and existing Section 1217, entitled “Decanting,” contained in Article 5, entitled “Decompression,” are proposed for transfer to new Section 6085, entitled “Decompression for Normal Conditions;” new Section 6087, entitled “Decompression After Repetitive Exposures;” and new Section 6089, entitled “Decompression by Decanting,” contained in new Article 154, entitled “Pressurized Worksite Operations.”

Section 6085, Section 6087, and Section 6089 contain decompression requirements and methodology after employees completed specific types of compressed air exposures as indicated in each of the subject sections.

The proposed editorial changes to the titles of new Section 6085, new Section 6087, and new Section 6089, as clearly noted in the text, will clarify each section’s content. This proposal will clearly indicate that these sections contain safety orders associated with decompression, as identified by the Article’s title of the existing sections, and will aid in locating the appropriate safety orders when using the table of contents. The proposed editorial changes are non-substantive, and therefore will have no effect upon the regulated public.

Section 6090. Air Locks.

Existing Section 1220 is proposed for transfer to new Section 6090. Section 6090 contains employee decompression and facility requirements when using an air lock system. The required methodologies include references to decompression tables in Appendices A and B; Section 6089, Decompression by Decanting; and Section 5143, General Requirements of Mechanical Ventilation Systems, also in the GISO.

As clearly noted in the text, the proposed amendments change the section references in subsection (a) from Section 1217 to Section 6089, and in subsection (b) from Section 1280 to Section 6120. This proposal accommodates the section number changes of the subject safety orders as the result of the proposed relocation of the CASO’s into the GISO. Additionally, this proposal deletes the phrases “the CCR, Title 8,” and “of the General Industry Safety Orders” from the reference to Section 5143 in subsection (p). These amendments are proposed as both the referencing and referenced section are located in the same subchapter (GISO), and therefore the references to the CCR, Title 8, and the GISO, by convention, are unnecessary. Therefore, this proposal will have no effect upon the regulated public as the proposed revisions are non-substantive.

Section 6100. Temperature, Illumination, Sanitation and Ventilation.

Existing Section 1230 is proposed for transfer to new Section 6100. Section 6100 contains minimum facility requirements for working chambers operated under compressed air conditions.

As clearly noted in the text, amendments are proposed in subsection (e) to delete the reference to the phrase “of the General Industry Safety Orders” as it refers to Section 5144(e) and in subsection (g) to delete the references to the phrases “CCR, Title 8,” and “of the General Industry Safety Orders” as these phrases refer to Section 5155. This proposal eliminates unnecessary wording, as both the referencing and referenced section are located in the same subchapter (GISO) and references to the CCR, Title 8, and the GISO, by convention, are unnecessary. Therefore, this proposal will have no effect upon the regulated public as the proposed revisions are non-substantive.

Section 6120. Medical Control.

Existing Section 1280 is proposed for transfer to new Section 6120. Section 6120 contains requirements for medical attendance by a physician under compressed air conditions.

As clearly noted in the text, amendments are proposed in subsection (a)(2) to delete the reference to the phrase “of the General Industry Safety Orders” as it refers to Section 6053 and in subsection (a)(5) to delete the reference to the phrase “of the General

Industry Safety Orders” as it refers to Section 6058. This proposal eliminates unnecessary wording, as both the referencing and referenced section are located in the same subchapter (GISO) and references to the GISO, by convention, are unnecessary. Therefore, this proposal will have no effect upon the regulated public as the proposed revisions are non-substantive.

Appendices A and B

Appendix A contains numerous decompression tables consistent with corresponding decompression tables in federal standard 29 CFR, § 1926, Subpart S, Appendix A. Appendix B contains tables used to tabulate the adjusted compressed air exposure times for employees to be in compressed air more than once in a 12-hour period. These tables were adopted from the U.S. Navy Diving Tables.

All tables in Appendices A and B are proposed for relocation in its entirety into new Article 154, Group 26, of the General Industry Safety Orders. Additionally, Appendices A and B are proposed for editorial reformatting to improve clarity and readability; and therefore will have no effect on the regulated public.

Appendix B, Table 3, contains an omission in the instructions for use of Table 3 paragraph. The example statement in this paragraph inadvertently omitted part of the steps to arrive at the repetitive Group “H.” This proposal will correct the existing example by adding language immediately following the phrase “enter the table at 27 psig” that states “(the next higher pressure, as 26 psig is not listed) and move horizontally until 50 minutes”. The proposal will have no effect on the regulated public as it provides clarity to the user and renders the example for the instructions complete and understandable.

COST ESTIMATES OF PROPOSED ACTION

Costs or Savings to State Agencies

No costs or savings to state agencies will result as a consequence of the proposed action.

Impact on Housing Costs

The Board has made an initial determination that this proposal will not significantly affect housing costs.

Impact on Businesses

The Board has made an initial determination that this proposal will not result in a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

This proposal is non-substantive and is intended to enhance the format and order of the Compressed Air Safety Orders. Therefore, this rulemaking is proposed to provide a positive impact on California businesses by making the standards easier to locate and understand by the regulated public.

Cost Impact on Private Persons or Businesses

The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Costs or Savings in Federal Funding to the State

The proposal will not result in costs or savings in federal funding to the state.

Costs or Savings to Local Agencies or School Districts Required to be Reimbursed

No costs to local agencies or school districts are required to be reimbursed. See explanation under “Determination of Mandate.”

Other Nondiscretionary Costs or Savings Imposed on Local Agencies

This proposal does not impose nondiscretionary costs or savings on local agencies.

DETERMINATION OF MANDATE

The Occupational Safety and Health Standards Board has determined that the proposed standards do not impose a local mandate. Therefore, reimbursement by the state is not required pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code because these standards do not constitute a “new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.” Because the transfer of the CASO is non-substantive, this proposal will not require local agencies or school districts to incur additional costs in complying with the proposal.

The California Supreme Court has established that a “program” within the meaning of Section 6 of Article XIII B of the California Constitution is one which carries out the governmental function of providing services to the public, or which, to implement a state policy, imposes unique requirements on local governments and does not apply generally to all residents and entities in the state. (*County of Los Angeles v. State of California* (1987) 43 Cal.3d 46.)

These proposed standards do not require local agencies to carry out the governmental function of providing services to the public. Rather, the standards require local agencies to take certain steps to ensure the safety and health of their own employees only. Moreover, these proposed standards do not in any way require local agencies to administer the California Occupational Safety and Health program. (See *City of Anaheim v. State of California* (1987) 189 Cal.App.3d 1478.)

These proposed standards do not impose unique requirements on local governments. All employers—state, local and private—will be required to comply with the prescribed standards.

EFFECT ON SMALL BUSINESSES

The Board has determined that the proposed amendments will not affect small businesses because the proposed changes are non-substantive. The Compressed Air Safety Orders and Appendices A and B are proposed for transfer in their entirety into new Article 154, Group 26, of the General Industry Safety Orders, with only editorial, reformatting, and renumbering of articles, sections, and subsections, and grammatical revisions associated with this proposed transfer.

ASSESSMENT

The adoption of the proposed amendments to these standards will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

REASONABLE ALTERNATIVES CONSIDERED

Our Board must determine that no reasonable alternative considered by the Board or that has otherwise been identified and brought to the attention of the Board would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

A copy of the proposed changes in STRIKEOUT/UNDERLINE format is available upon request made to the Occupational Safety and Health Standard Board's Office, 2520 Venture Oaks Way, Suite 350, Sacramento, CA 95833, (916) 274-5721. Copies will also be available at the Public Hearing.

An INITIAL STATEMENT OF REASONS containing a statement of the purpose and factual basis for the proposed actions, identification of the technical documents relied upon, and a description of any identified alternatives has been prepared and is available upon request from the Standards Board's Office.

Notice is also given that any interested person may present statements or arguments orally or in writing at the hearing on the proposed changes under consideration. It is requested, but not required, that written comments be submitted so that they are received no later than January 13, 2006. The official record of the rulemaking proceedings will be closed at the conclusion of the public hearing and written comments received after 5:00 p.m. on January 19, 2006, will not be considered by the Board unless the Board announces an extension of time in which to submit written comments. Written comments should be mailed to the address provided below or submitted by fax at (916) 274-5743 or e-mailed at oshsb@hq.dir.ca.gov. The Occupational Safety and Health Standards Board may thereafter adopt the above proposal substantially as set forth without further notice.

The Occupational Safety and Health Standards Board's rulemaking file on the proposed actions including all the information upon which the proposals are based are open to public inspection Monday through Friday, from 8:30 a.m. to 4:30 p.m. at the Standards Board's Office, 2520 Venture Oaks Way, Suite 350, Sacramento, CA 95833.

The full text of proposed changes, including any changes or modifications that may be made as a result of the public hearing, shall be available from the Executive Officer 15 days prior to the date on which the Standards Board adopts the proposed changes.

Inquiries concerning either the proposed administrative action or the substance of the proposed changes may be directed to Keith Umemoto, Executive Officer, or Michael Manieri, Principal Safety Engineer, at (916) 274-5721.

You can access the Board's notice and other materials associated with this proposal on the Standards Board's homepage/website address which is <http://www.dir.ca.gov/oshsb>. Once the Final Statement of Reasons is prepared, it may be obtained by accessing the Board's website or by calling the telephone number listed above.

TITLE 10. DEPARTMENT OF INSURANCE

NOTICE OF PROPOSED ACTION

November 21, 2005
Regulation File: RH01015731

SUBJECT OF PROPOSED RULEMAKING

The Insurance Commissioner proposes to adopt the regulations described below after considering comments from the public. The Commissioner proposes to adopt California Code of Regulations, Title 10, Chapter 5, Subchapter 3, Article 3, §§ 2303 through 2303.25 (the "Reinsurance Oversight Regulations").

AUTHORITY AND REFERENCE

The proposed regulations will implement, interpret and make specific the provisions of California Insurance Code ("Code") sections 19, 35, 533, 700, 701, 704, 704.7, 717, 730, 733, 736, 739.10, 900, 922.1, 922.2, 922.3, 922.4, 922.5, 922.6, 922.7, 922.8, 922.9, 923, 924, 925, 925.2, 925.4, 1011, 1011.5, 1031, 1215.5(b)(3), 1215.5(f), 1781.10, and 12921.

Code sections 720, 730, 736, 739.9, 922.8, 923, 924, 1011.5, 1215.8, 1781.12, and 12921 provide the authority for this rulemaking. *CalFarm Insurance Company v. Deukmejian*, (1989) 48 Cal. 3d 805 and *20th Century Insurance Company v. Garamendi*, (1994) 8 Cal. 4th 216 also provide authority for this rulemaking.

PUBLIC HEARING

The Commissioner will hold a public hearing to provide all interested persons an opportunity to present statements or arguments, either orally or in writing, with respect to this regulation, as follows:

Date and time: January 24, 2006, at 10:00 a.m.

Location: Ronald Reagan State Building
Hearing Room, First Floor
300 South Spring Street
Los Angeles, CA 90013

The hearing will continue on the date noted above until all testimony has been submitted or 4:00 p.m., whichever is earlier. The hearing may be continued to the next day, if not all persons present who desire to testify are able to do so prior to the 4 p.m. close of the hearing on January 24th. If the hearing is continued to January 25th, it will commence at 10:00 a.m. and continue until all testimony has been submitted or 2:00 p.m., whichever is earlier.

PRESENTATION OF WRITTEN COMMENTS;
CONTACT PERSONS

All persons are invited to submit written comments on the proposed regulations during the public comment period. The public comment period will end at 4:00 p.m. on January 24, 2006. Please direct all written comments to the following contact person:

Arlene Joyce, Senior Staff Counsel
California Department of Insurance
45 Fremont Street, 24th Floor
San Francisco, CA 94105
Telephone: (415) 538-4424
E-mail: joycea@insurance.ca.gov

Questions regarding procedure, comments, or the substance of the proposed action should be addressed to the above contact person. If she is unavailable, inquiries may be addressed to the following backup contact person:

George Teekell, Staff Counsel
California Department of Insurance
45 Fremont Street, 21st Floor
San Francisco, CA 94105
Telephone: (415) 538-4390

DEADLINE FOR WRITTEN COMMENTS

All written materials must be received by the Insurance Commissioner, addressed to one of the contact persons at his or her respective address listed above, no later than 4:00 p.m. on January 24, 2006. Any written materials received after that time will not be considered.

COMMENTS TRANSMITTED BY
E-MAIL OR FACSIMILE

The Commissioner will accept written comments transmitted by e-mail provided they are sent to the following e-mail address: joycea@insurance.ca.gov. Comments received by e-mail prior to January 21, 2006, will receive an e-mail confirmation of receipt within 24 hours. The Commissioner will also accept written comments transmitted by facsimile provided they are directed to the attention of George Teekell and sent to the following facsimile number: (415) 904-5490. **Comments sent to other e-mail addresses or other facsimile numbers will not be accepted. Comments sent by e-mail or facsimile are subject to the deadline set forth above for written comments.**

INFORMATIVE DIGEST

Summary of Existing Law and Policy Statement
Overview

Reinsurance is insurance for insurers. Reinsurance permits an insurer to share the risk it assumes on policies it writes, with one or more other insurers called "reinsurers." A reinsurance contract permits an insurer (the "direct writer") to transfer ("cede") to a reinsurer a portion of the risk of loss arising from the underlying policies, in exchange for a portion of the premium earned on those policies. The direct writer remains directly liable to the policyholders for all losses; the reinsurer's obligation under the reinsurance contract is to indemnify the direct writer, not the policyholders, for the portion of the risk it has assumed. Insurers and reinsurers often use the services of a licensed entity, known as a "reinsurance intermediary," to facilitate their reinsurance transactions.

Providing that specified requirements are met, a ceding insurer is allowed to reduce the liabilities to policyholders shown on its financial statements (and also reduce the assets required for support of those liabilities) by the amount of those liabilities ceded to a reinsurer. The liabilities and the supporting assets are transferred to and carried on the books of the reinsurer to cover its share of the loss it has accepted ("assumed"). Regulators are assured that, as between the two companies, there are sufficient assets supporting the liabilities to policyholders.

The proposed regulations set forth the principal requirements of substance and procedure in accounting for reinsurance on insurer financial statements, the general requirements applicable to reinsurance agreements, and related sanctions and oversight. The proposed regulations supersede Bulletin 97-5, "Credit in Accounting and Financial Statements on Account of Reinsurance Ceded," which was adopted by the Commissioner on December 3, 1997 pursuant to the

authority set forth in Code Section 922.8. However, the regulations provide that Bulletin 97-5 continues to apply to certain matters.

In Sections 2303.3 through 2303.11, the proposed regulations carry forward most requirements of Bulletin 97-5, which was based largely on the National Association of Insurance Commissioner's Model Credit for Reinsurance Regulations (hereafter referred to as the "Model Regulation.") and was issued to implement Code Sections 922.2, 922.4, 922.5, 922.6, and 922.7. The Commissioner has determined that there is a need for additional and different provisions pertaining to accounting for reinsurance transactions on financial statements, based on his experience with the limitations of Bulletin 97-5 and as the result of developments and disclosures in the reinsurance industry. Additionally, in Sections 2303.12 through 2303.25, the proposed regulations specify requirements for reinsurance transactions and related sanctions and oversight, topics that were not covered in Bulletin 97-5.

Existing law provides that in reviewing the qualifications of an applicant for a license to transact insurance business in California, the Commissioner must consider, among other criteria, the insurer's reinsurance arrangements. If the Commissioner determines that the reinsurance arrangements are materially deficient, the applicant does not meet licensing requirements and the application is denied. (Code Section 717(d).) Once licensed, an insurer is required to comply with all requirements of the Code, including maintaining reinsurance arrangements that are not materially deficient. (Code Section 700(c).) The proposed regulations define "materially deficient" reinsurance arrangements, and establish standards and requirements for acceptable reinsurance contracts and arrangements as well as procedures for the Commissioner's review of specified reinsurance transactions.

Licensees that fail to comply with laws regarding governmental control of the insurer may be subject to a license revocation proceeding. (Code Section 701.) A licensee that fails to carry out its contracts in good faith may be subject to license suspension or a fine in lieu of suspension. (Code Sections 704 and 704.7.) A licensee that does not continue to comply with the requirements for issuance of a license, or which is in a financially hazardous condition, or which enters into a transaction involving substantially its entire business without obtaining the Commissioner's prior consent, may be subject to a conservation proceeding. (Code Sections 1011 and 1011.5.) The proposed regulations define "governmental control," "not carrying out its contracts in good faith," and "substantially its entire business." The proposed regulations establish penalties in lieu of license suspension, as well as procedures

to obtain the Commissioner's prior consent to reinsurance transactions involving substantially the entire business of a licensee.

A significant part of the proposed regulations concern the proper accounting for reinsurance on insurer statutory financial statements. Such statements are prepared in accordance with statutes designed to conservatively test solvency from the policyholder standpoint. The rules governing statutory accounting are designed to minimize the risk to an insurer's policyholders and creditors.

Existing law prescribes the requirements licensed insurers must follow in completing and filing financial statements. (Code Section 900, *et seq.*) The financial statements must conform to the requirements of the NAIC Accounting Practices and Procedures Manual and NAIC annual statement blanks and instructions, except where the NAIC rules are inconsistent with California law or have been modified by the Commissioner. (Code Section 923.) Insurers are permitted to take credit for reinsurance on their financial statements if the transaction meets all applicable requirements. The reinsurance agreement must transfer risk of loss to the reinsurer, not only in form but in fact. (Code Section 922.3.) The proposed regulations provide requirements relating to risk transfer.

A reinsurance agreement of a domestic ceding insurer must contain prescribed provisions. (Code Section 922.2.) A "domestic" insurer is an insurer organized pursuant to California law. The proposed regulations clarify and make specific certain of the statutorily required provisions, including provisions that may limit or preclude the use of set-offs by reinsurers to reduce their payments to a liquidator in the event the domestic insurer is liquidated. The reinsurer of a domestic insurer must meet specified criteria to be considered an authorized reinsurer, thus allowing the ceding insurer to claim statement credit for reinsurance. (Code Section 922.4.) The proposed regulations establish requirements and procedures for reinsurers to become authorized. If a reinsurer of a domestic insurer is unauthorized, it must provide acceptable collateral as security for its obligation under the reinsurance agreement. (Code Section 922.5.) The proposed regulations specify requirements for acceptable collateral that are more restrictive than the requirements specified in Bulletin 97-5.

A foreign insurer may claim statement credit for reinsurance if allowed by its home state regulator, unless the Commissioner determines that the condition of the reinsurer or the collateral provided does not meet the standards applicable to California domestic insurers. (Code Section 922.6.) A "foreign" insurer is an insurer organized under the laws of another state and that has been issued a license to transact insurance in California. The proposed regulations permit foreign

insurers to claim statement credit for cessions to authorized reinsurers. The proposed regulations also establish procedures for the Commissioner's discretionary review of a cession to an unauthorized reinsurer to determine whether the reinsurer or the collateral provided meet the standards applicable to California domestic insurers.

Reinsurance intermediaries are subject to examination by the Commissioner. (Code Section 1781.10.) Reinsurance intermediaries often provide services to the parties to a reinsurance agreement, including handling accounting, billing and transfer payments between the parties. All premium payments owed to the reinsurer are sent to the intermediary, which then forwards the payments to the reinsurer. The reinsurer sends all payments for claims to the intermediary, which then forwards the payments to the ceding insurer. In providing these services, billions of dollars in transfer payments are handled annually by intermediaries. Reinsurance intermediary brokers are not required to have independent audits. (Code Section 1781.6(c).) No reinsurance intermediary has ever been examined by a federal or state regulator.

When a reinsurance agreement provides for transfer payments by an intermediary, the proposed regulations require the contract to contain a provision placing the risk of an intermediary's non-performance on the reinsurer, and permits the Commissioner to condition consent to the transaction on the intermediary having been issued a satisfactory examination report by the Department. The regulation establishes procedures for examinations of intermediaries that request examination.

Existing law permits the Commissioner to examine an insurer whenever he deems it necessary and allows the Commissioner to define the nature, scope and frequency of an examination. (Code Section 730.) The Commissioner is required to collect the costs of examination from the insurer or person examined. (Code Section 736.) The proposed regulations specify various types of limited examinations required of licensed insurers under specified circumstances, including the examination of proposed reinsurance transactions which involve 50% or more of an insurer's business.

The proposed regulations clarify, interpret and make specific all of the above referenced Code sections and specify requirements and procedures for compliance. The proposed regulations are intended to provide a regulatory framework to assess and ensure the quality of a licensee's reinsurance arrangements to safeguard its solvency and protect the interests of its policyholders and creditors.

Effect of Proposed Action

§ 2303.2 Definitions

The definitions follow common industry and Department of Insurance ("Department") usage, but certain terms have regulatory effects and their meanings have not previously been defined. Those terms are as follows.

The words "examine" and "examination" are used in Insurance Code Section 730 and they are defined in subdivision (j) as referring to all reviews and examinations undertaken by the Commissioner, "regardless of the location of the review or examination."

The word "liabilities" is defined in subdivision (o) to specify the manner in which it includes or excludes modified coinsurance reserves.

The phrase "material reinsurance agreement" is the threshold for the applicability of various sections of the proposed regulations. The term is defined in subdivision (q) as a reinsurance agreement in which the reinsurance premium or a change in the ceding insurer's liabilities equals or exceeds 5 percent of the ceding insurer's policyholder surplus, as of the preceding December 31st. The subdivision states the manner of calculating the threshold in the context of multiple agreements with a reinsurer or with reinsurers within the same insurance group.

Subdivision (r) defines "materially deficient" as used in Code Section 717(d), concerning reinsurance arrangements that do not meet the requirements to hold a license to transact insurance business in California. Materially deficient reinsurance arrangements are those that (1) include one or more material reinsurance agreements for which statement credit is claimed that are not in compliance with the requirements of this article, or (2) result in a policyholder surplus that is not reasonable in relation to the insurer's outstanding liabilities and adequate to its financial needs, or (3) are not satisfactory to the Commissioner on the basis that he is unable to make a determination that the arrangements pose no undue risk to the ceding insurer, its policyholders or its creditors. The proposed regulations specify circumstances in which a ceding insurer's reinsurance arrangements are "materially deficient," thus potentially affecting the insurer's license.

Subdivision (t) defines the term "NAIC Accounting Guidance" as the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual and its annual statement blanks and instructions, as made applicable to licensed insurers pursuant to Code Section 923.

"Regulatory oversight" is broadly defined in subdivision (v) as the exercise of a regulator's powers to monitor or control the operations of an insurer.

“Volume insurer” is defined in subdivision (z) to limit the universe of foreign insurers to which certain of the proposed regulations pertain. A “volume insurer” is defined as any foreign insurer:

1. Whose direct written premium in California represents 20% or more of its total direct written premium as reported on its most recent annual statement; or
2. Whose direct unpaid losses and unpaid loss adjustment expenses in California represent 20% or more of its total direct unpaid losses and unpaid loss adjustment expenses as reported on its most recent annual statement; or
3. Whose direct written premium in California exceeds \$20 Million as reported on its most recent annual statement, or
4. Which assumes more than 50% of its total premium as reported on its most recent annual statement.

§ 2303.3 Credit For Reinsurance Ceded To Admitted Insurer

This section allows domestic and foreign insurers to claim statement credit for cessions to licensed insurers, subject to specified conditions that are not expressly stated in Code Section 922.4 or included in Bulletin 97-5. The conditions include meeting the requirements of either Sections 2303.11 or 2303.12 regarding risk transfer, and the requirements of Section 2303.13 that specifies contract terms necessary to claim statement credit. The section provides that an assuming insurer must notify the Commissioner if it becomes the subject of a regulatory order or oversight as a result of a hazardous financial condition.

§ 2303.4 Credit for Reinsurance Ceded to Accredited Reinsurer

This section allows domestic and foreign insurers to claim statement credit for cessions to accredited reinsurers, subject to specified conditions that are not expressly stated in Code Section 922.4 or included in Bulletin 97-5. The conditions include meeting the requirements of either Sections 2303.11 or 2303.12 regarding risk transfer, and the requirements of Section 2303.13 that specifies contract terms necessary to claim statement credit. The section provides that an accredited reinsurer must notify the Commissioner if it becomes the subject of a regulatory order or oversight as a result of a hazardous financial condition.

The section includes requirements not expressly specified in the Code, including the following: quarterly submission of lists of the accredited reinsurer’s California ceding insurers, consent to California jurisdiction, designation of an agent for service of process other than the Commissioner, submission of

news releases as they are issued, and filing specified documents on or before August 15 of each year for review to determine continuing eligibility. The section clarifies that an accredited reinsurer is not a licensed insurer and may not solicit insurance business in California either directly or through an agent.

§ 2303.5 Credit for Reinsurance Secured by an Approved U.S. Trust

This section allows domestic and foreign insurers to claim statement credit for cessions to reinsurers with an Approved U.S. trust, subject to specified conditions that are not expressly stated in Code Section 922.4 or included in Bulletin 97-5. The conditions include meeting the requirements of either Sections 2303.11 or 2303.12 regarding risk transfer, and the requirements of Section 2303.13 that specifies contract terms necessary to claim statement credit.

This section specifies the eligibility requirements for an Approved U.S. Trust. The extensive provisions of this section carry forward identical provisions specified in Bulletin 97-5 to implement Code Section 922.4(c). The section includes requirements not expressly specified in the Code, including the following: submission to the Commissioner copies of all documents submitted by the reinsurer to the commissioner of the oversight state (which has primary regulatory jurisdiction over the trust), submission of a certified copy of the approval of the form of the trust by the oversight state, specification of the types of assets to be deposited in the trust including requirements for a letter of credit, provisions to be included within the trust document including the requirement that the trustee shall be liable for its own negligence, quarterly submission of lists of the reinsurer’s California ceding insurers, consent to California jurisdiction and the appointment of an agent for service of process other than the Commissioner, exhaustion of other security prior to presentation of claims against the U.S. Trust, and the requirement that assets equal to liabilities must be on deposit no later than 45 days at the end of a calendar quarter.

§ 2303.6 Credit for Reinsurance Required by Law

The section defines “jurisdiction” to clarify that term’s use in Insurance Code Section 922.4(d) as meaning a state, district or territory of the United States.

§ 2303.7 Credit for Reinsurance Secured by a Single Beneficiary Trust

This section states the requirements for a domestic insurer to obtain statement credit for a cession secured by a single beneficiary trust as permitted by Code Section 922.5(a)(2). That code section specifies that the trust must be acceptable to the Commissioner, and states the qualifications of a trustee and permitted

assets to be held in the trust. The section generally carries forward the provisions of Bulletin 97-5, modifies a provision of Bulletin 97-5, and contains certain new requirements.

The sections carried forward from Bulletin 97-5 pertain to: (i) definitions of trust terminology (subdivision (b)); (ii) creation of the trust, location of trust assets, operation of the trust, parties to the trust, withdrawal from the trust, trustee's duties, and termination notice (subdivision (c)); optional trust provisions (trustee resignation, asset valuation, trustee's authority to invest, transfer of assets, etc.) (subdivision (d)); required terms for a reinsurance agreement that provides for the trust (subdivision (e)); and optional terms for a reinsurance agreement that provides for the trust (subdivision (f)).

A provision modified from Bulletin 97-5 moves a conditional use provision which limits a beneficiary's use of trust assets from an optional provision in the trust to an optional provision in the reinsurance agreement (paragraphs (f)(2) and (f)(3)). A requirement established by Section 2303.7 that is not contained in Bulletin 97-5 nor expressly stated in Code Section 922.5(2) is that the cession must comply with Sections 2303.11 through 2303.13 of the regulations relating to risk transfer and required contract provisions for statement credit.

§ 2303.8 Credit for Reinsurance Secured by Letter of Credit

This section states the requirements a domestic insurer must meet in order to obtain statement credit for a cession secured by a letter of credit as permitted by Code Section 922.5(b). That code section specifies only that the letter must be satisfactory to the Commissioner and be clean, irrevocable and unconditional and issued by a bank meeting specified qualifications. This section carries forward certain requirements of Bulletin 97-5, modifies some requirements and contains new requirements. A requirement established by Section 2303.7 that is not contained in Bulletin 97-5 nor expressly stated in Code Section 922.5(2) is that the cession must comply with Sections 2303.11 through 2303.13 of the regulations relating to risk transfer and required contract provisions for statement credit. Bulletin 97-5 required a letter of credit to state that it is "clean;" this section of the proposed regulations (paragraph (c)(2)) specifies the characteristics of a letter of credit that make it "clean" and therefore, the requirement that it state that it is "clean" has been eliminated. As in the Bulletin, the letter of credit must state that it is "irrevocable and unconditional" (subdivision (c)), and it must be "evergreen" (paragraph (c)(6)). Subdivision (c) adds a requirement that the amount of the letter of credit cannot be modified without the prior written consent

of its beneficiary, except in the case where the modification increases the amount of the credit (subparagraph (c)(2)(B)).

Paragraphs (c)(3)–(5) add requirements that the only requirement for drawing against the letter of credit is the presentation of a sight draft, the letter of credit must contain issue and expiration dates, and its term cannot be shorter than one year. Paragraph (c)(7) is a new provision that requires the letter to require California jurisdiction (unless subpart (d) applies). Paragraph (c)(8) provides that the letter of credit must specify certain addresses, including the address where the letter of credit is payable. Paragraphs (c)(9) and (10) require a 60 day period for drawing against a letter of credit in the event the letter would otherwise expire during a period that the business of the issuing bank or the insurer beneficiary is interrupted by specified events. Paragraph (c)(11) requires identifying information on each page of the letter of credit and paragraph (c)(12) specifies other identifying information that may appear.

Subdivision (d), which is not contained in Bulletin 97-5, provides that the Commissioner may permit statement credit for a transaction secured by a letter of credit that is subject to the laws of a state other than California if that state's laws are substantially similar to California's laws and if it is reasonably necessary to expand the availability of letters of credit to California domiciled insurers.

Subdivision (e) designates a letter of credit form that is acceptable to the Commissioner (the form set forth in Section 2303.25(d)) and provides that parties to a reinsurance transaction may submit a letter of credit form to the Commissioner for a determination that it complies with this section.

Subdivision (f), which does not have a counterpart in Bulletin 97-5, requires the reinsurer to consent to California jurisdiction and to appoint an agent for service of process (or to stipulate that if no agent is appointed, then the Commissioner shall be its agent).

Subdivision (g) carries forward provisions of Bulletin 97-5 specifying provisions that may be contained in a reinsurance agreement regarding the posting of a letter of credit and the terms of a letter of credit regarding the timing of draws against the letter and the purpose of such draws.

Subdivision (h) pertains to transactions between foreign insurers and unauthorized reinsurers; it has no counterpart in Bulletin 97-5. The subdivision provides that statement credit may be taken for reinsurance ceded by a foreign insurer to an unauthorized reinsurer if the transaction is secured by a letter of credit and if the ceding insurer's state of domicile allows statement credit for the transaction. The subdivision provides

that such credit will not be permitted, however, if the Commissioner determines that the transaction does not meet, in substance, the requirements of this section.

§ 2303.9 Credit for Reinsurance Secured by Funds Withheld

Section 2303.9 pertains to reinsurance transactions which are “secured” by a reinsurance agreement providing for funds withheld by the ceding insurer, and it carries forward the provisions of Bulletin 97-5 implementing Code Section 922.5(1). It includes a definition of “unencumbered funds withheld” that is not included in Code Section 922.5(1); specifically it provides that funds held in an “escrow account” do not meet the requirements of the Code that the funds must be held in the name of and under the exclusive control of the ceding insurer.

A requirement established by Section 2303.7 that is not contained in Bulletin 97-5 nor expressly stated in Code Section 922.5(2) is that the cession must comply with Sections 2303.11 through 2303.13 of the regulations relating to risk transfer and required contract provisions for statement credit.

Subdivision (c) pertains to transactions between foreign insurers and unauthorized reinsurers; it has no counterpart in Bulletin 97-5. The subdivision provides that statement credit may be taken for reinsurance ceded by a foreign insurer to an unauthorized reinsurer if the transaction is secured by a funds held agreement and if the ceding insurer’s state of domicile allows statement credit for the transaction. The subdivision provides that such credit will not be permitted, however, if the Commissioner determines that the transaction does not meet, in substance, the requirements of this section.

§ 2303.10 Credit for Reinsurance of Foreign Insurers

This section applies to foreign insurers; it modifies the corresponding section in Bulletin 97-5, which implemented Code Section 922.6, and includes several new requirements.

Subdivision (a) clarifies that foreign insurers are required to comply with all California financial statement accounting requirements, unless the requirement specifically applies only to California domiciled insurers.

Subdivision (c) provides that where credit is claimed on the basis that an unauthorized reinsurer is accredited or licensed in the foreign insurer’s state of domicile, the unauthorized reinsurer must in substance meet California licensing or accreditation standards. The subdivision also provides that where credit is claimed on the basis of security in the form of a trust agreement, letter of credit, or funds held agreement, the security must, in substance, meet the standards for like security in California.

Subdivisions (d) and (e) provide that upon the request of the Commissioner, the foreign insurer shall provide information concerning the unauthorized reinsurer for examination to assess the credit taken, and shall pay the cost of examination of the documents submitted.

§ 2303.11 Transfer of Risk—Life & Disability

Code Section 922.3 precludes credit for reinsurance unless the agreement transfers insurance risk to the reinsurer. However, the Code does not provide specific guidance to determine risk transfer. Code Section 923 requires licensed insurers to follow the requirements of the NAIC Accounting Guidance, to the extent they are not inconsistent with California law or modified by the Commissioner. The NAIC Accounting Guidance contains model regulation language for life and disability risk transfer in Appendix A-791, which was generally followed in Bulletin 97-5 and generally carried forward in this section. Variances from Appendix A-791 are noted below.

Subdivision (b) adds language that clarifies which YRT reinsurance agreements are exempt from the risk transfer requirements, based on the amount of reserve credit being taken by the ceding company.

Paragraph (c)(2) prohibits the ceding insurer from suffering depletion in assets or surplus at the reinsurer’s option, at a specified time scheduled in the reinsurance agreement, or automatically upon the occurrence of some event, such as the insolvency of the ceding insurer.

Paragraph (c)(4) provides that a contract for which statement credit is claimed may not allow the reinsurer to unilaterally terminate the agreement or require the ceding insurer to automatically recapture all or part of the reinsurance ceded.

Paragraph (c)(8) provides that a contract for which statement credit is claimed must require payment in cash by the reinsurer of amounts receivable within thirty days of the settlement date.

Subdivision (d) provides that the Commissioner may allow statement credit for the agreement, notwithstanding that the agreement does not meet the requirements of subdivision (c) of this section, as the Commissioner considers appropriate, and clarifies that any such allowance by the Commissioner shall not be deemed approval of the reinsurance treaty nor shall it be considered an indication that reinsurance credit may be allowed for other similar treaties.

Subdivision (e) requires insurers to file copies of agreements and financial impact information concerning reinsurance of business issued prior to the effective year of the agreement and specifies requirements for financial reporting.

Subdivision (g) clarifies that the appointed actuary should consider the insurance company's reinsurance agreements in his/her actuarial opinion of the company's reserve liability, as reported in the financial statement, and requires the actuary to maintain adequate documentation to support the reserve credit taken.

Subdivision (i) provides that all contracts between the ceding insurer, the reinsurer, and their affiliates, may, in the Commissioner's discretion, be reviewed in the determination of risk transfer.

§ 2303.12 Transfer of Risk—Property & Casualty

Code Section 922.3 precludes credit for reinsurance unless the agreement transfers insurance risk to the reinsurer. However, the Code does not provide specific guidance to determine risk transfer. Code Section 923 requires licensed insurers to follow the requirements of the NAIC Accounting Guidance, to the extent they are not inconsistent with California law or modified by the Commissioner.

Subdivision (a) provides that transfer of risk shall be determined by application of the NAIC Accounting Guidance, in a manner consistent with the following principles:

1. A reinsurance agreement must transfer an insurance risk for which there is a reasonable possibility of a significant loss to the reinsurer.
2. Recoveries due to the ceding insurer under a reinsurance agreement must be available without delay, in a manner consistent with the orderly payment of incurred policy or contract obligations by the ceding insurer.

Subdivision (b) provides that in the review of a reinsurance agreement to evaluate transfer of risk, all contracts between the ceding insurer, the reinsurer, and their respective affiliates, may, in the Commissioner's discretion, be reviewed to determine whether any provision may (1) limit the amount of insurance risk to which the reinsurer is subject under the agreement, or (2) delay the timely reimbursement of claims by the reinsurer.

§ 2303.13 Contract Requirements for Statement Credit

Subdivision (a) states requirements for the reinsurance agreements of domestic insurers and volume insurers (as defined in 2303.2(z)) where statement credit is claimed.

Paragraph (a)(1) requires that a reinsurance agreement must expressly disclose, within the agreement or in an exhibit incorporated by reference, every separate contract which would under any circumstances reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under the agreement.

Paragraph (a)(2) provides that the agreement must also contain an integration clause stating that the

agreement constitutes the entire agreement between the parties and that there are no other agreements pertaining to the business, except as has been expressly disclosed within the agreement.

Paragraph (a)(3) requires that a report of premium and losses be prepared no less frequently than quarterly, and requires payment by the reinsurer within 30 days of the date of the report.

Paragraph (a)(4) specifies requirements that apply to reinsurance of property/casualty risks regarding availability of payment without delay, prohibition on guaranty of profit, reporting consistent with NAIC guidelines, and retroactive reinsurance.

Paragraph (a)(5) allows the Commissioner to permit or require an NAIC Accounting Guidance requirement rather than a corresponding requirement in the regulations, by notice to licensees.

Subdivision (b) is applicable only to the reinsurance agreements of domestic insurers where statement credit is claimed. Paragraph (b)(1) specifies the essential elements to be included within an acceptable insolvency clause.

Paragraph (b)(2) specifies an express statement to be included within the insolvency clause: "Notwithstanding any other provision of this agreement, in the event of the insolvency of the ceding insurer, no provision may reduce the payment to the conservator, liquidator or statutory successor required of the reinsurer by the insolvency clause."

Paragraph (b)(3) clarifies that additional provisions from the Code may be included in the insolvency clause. Paragraph (b)(4) defines a "statutory insolvency clause." Paragraph (b)(5) limits the scope of an acceptable set-off clause. Paragraph (b)(6) limits the scope of an acceptable arbitration clause.

Subdivision (c) defines the term "the portion of any risk or obligation assumed by the reinsurer" which is required to be included in the insolvency clause as meaning all the risk assumed by the reinsurer under the reinsurance agreement, without application of a set-off, and provides that "set-off" includes recoupment, netting, offset, or any term that would have the effect of reducing an amount otherwise owed.

Subdivision (d) provides that credit for a reinsurance agreement not subject to the requirements of this section shall be allowed if credit is permitted by the insurer's state of domicile.

Subdivision (e) provides that where the agreement involves multiple ceding insurers that credit may be taken notwithstanding non-compliance with this subdivision if (1) the agreement is not a material reinsurance agreement (as defined in 2303.2(q)) and the agreement meets NAIC Accounting Guidance requirements, or (2) the Commissioner has provided written consent.

§ 2303.14 *Form of Agreements*

Subdivision (a) applies to the reinsurance agreements of domestic insurers for which statement credit is claimed, and specifies that non-complying agreements are deficient and may be determined materially deficient in a license revocation proceeding initiated pursuant to Code Section 701. Paragraph (a)(1) requires the agreement to include an insolvency provision meeting the requirements of Section 2303.13(b)(1) and (2). Paragraph (a)(2) limits the scope of an acceptable set-off provision. Paragraph (a)(3) limits the scope of an extra contractual obligation provision. Paragraph (a)(4) requires a jurisdiction provision specifying California jurisdiction. Paragraph (a)(5) requires a choice of law provision specifying California law. Paragraph (a)(6) requires an arbitration provision to specify that arbitration will be held in California and to comply with the requirements of Section 2303.13(b)(6). Paragraph (a)(7) requires a material reinsurance agreement to include the provisions in subdivision (b)(2) through (b)(6) of this section.

Subdivision (b) applies to the material reinsurance agreements of “volume insurers” for which statement credit is claimed, and specifies that non-complying agreements are deficient and may be determined materially deficient in a license revocation proceeding initiated pursuant to Code Section 701. Paragraph (b)(1) states requirements for an insolvency clause. Paragraph (b)(2) requires the agreement to include the disclosure requirements in Section 2303.13(a). Paragraph (b)(3) requires the agreement to provide that any change or modification to an agreement shall be made only by written amendment signed by all parties. Paragraph (b)(4) limits the scope of an early termination provision, and requires notice of not less than 60 days if sent by the reinsurer. Paragraph (b)(5) requires express language transferring the risk of non-performance of a reinsurance intermediary to the reinsurer if the agreement permits the intermediary to transmit payments between the parties.

Paragraph (b)(6) requires the agreement to provide that, after the commencement of arbitration or litigation of a dispute concerning sums the ceding insurer claims due, if the aggregate amount in dispute is at a specified level, the reinsurer shall establish an escrow account to hold all unpaid sums accrued and accruing pending resolution of the dispute. The paragraph includes required provisions for the reinsurance agreement and the escrow agreement, and provides that the required terms may be incorporated in the reinsurance agreement by reference. Subdivision (c) provides acceptable text to incorporate the escrow provisions into the agreement. Subdivision (d) specifies that the deposit of funds into an escrow account as required by this section is an interim

remedy and may not be used as a defense in a proceeding brought against the reinsurer under Code Section 704.

Subdivision (e) specifies that the form of reinsurance agreements that are not subject to the requirements of subdivisions (a) or (b) of this section shall conform to the requirements of the NAIC Accounting Guidance. Subdivision (f) provides that reinsurance agreements may contain additional provisions not inconsistent with the requirements of this article or the NAIC Accounting Guidance. Subdivision (g) provides that a reinsurance agreement not in compliance with the requirements of this section is not materially deficient if the Commissioner has provided written consent to financial statement credit for the cession pursuant to the provisions of Section 2303.13(e) of this article.

§ 2303.15 *Oversight of Reinsurance Transactions*

Subdivision (a) provides that the policyholder surplus of a licensed insurer shall at all times be reasonable in relation to the insurer’s outstanding liabilities and adequate to its financial needs, as determined by applying the factors set forth in Code Section 1215.5(f). Subdivision (b) provides definitions of terms used in this section. Subdivision (c) defines the phrase, “substantially its entire property or business” used in Code Section 1011, a statute within an article of the Code that governs insurer receiverships. It provides that a sale, cession, assumption or purchase that equals or exceeds either 75% of an insurer’s total premium or 75% of its total liabilities, calculated before the subject transaction, shall constitute “substantially its entire property or business” under Code Section 1011(c). Subdivision (d) specifies that domestic insurers and volume insurers are required to obtain the Commissioner’s prior consent to transactions within the scope of subdivision (c).

Subdivision (e) provides that insurers not subject to the filing requirement of subdivision (d) of this section need obtain the Commissioner’s prior consent to a transaction within the scope of subdivision (c) only when directed to do so by notice from the Commissioner, and also that they may voluntarily seek the Commissioner’s prior consent to the transaction.

Subdivision (f) provides standards for consent to transactions within the scope of subdivision (c). Initially the subdivision provides that consent shall be based upon demonstrated business necessity. The subdivision requires that licensed insurers shall maintain a significant level of risk, and that risk may be both direct and assumed. The subdivision provides that except for cessions to inter-company pools, consent to cessions of more than 90% of an insurer’s total premium on prospective business shall be given only for agreements with a limited contract term,

generally not to exceed one year. The 90% calculation shall be applied to total premium, before the subject transaction. This requirement permits consent to a cession greater than 90% where the contract term is limited, if business necessity demonstrates the need. Inter-company pools are excepted from the 10% retention requirement.

Subdivision (g) states requirements applicable to inter-company pools. The agreement must provide for a retrocession to the ceding insurer of an amount equal to not less than 10% of its new direct business. The subdivision specifies that the Commissioner will not consent to an inter-company pool agreement unless either (1) the ceding insurer maintains surplus at a level sufficient to cover its direct writings, or (2) the agreement meets the requirements of subdivision (j) of this section that prescribes contract provisions for the conditional provision of collateral by the lead company in the pool should its financial strength diminish during the term of the agreement or should a regulator deny credit for the cession.

Subdivision (h) requires the Commissioner's prior consent to an agreement with one party, where a domestic insurer or a volume insurer cedes or assumes an amount that is equal to or greater than 50% of its total business, but less than the 75% amount subject to the requirements of Code Section 1011(c) and subdivisions (c) and (d) of this section, to make a determination whether the agreement is materially deficient under Code Section 717(d).

Subdivision (i) provides that a filing made pursuant to subdivisions (d) or (e) of this section shall satisfy any filing requirements of Code Sections 1011.5 and 1215.5(b)(3).

Subdivision (j) specifies additional conditions to be met for the Commissioner's consent to a reinsurance transaction when his consent is required by this article or by Code Section 1215.5(b)(3). The subject transactions would be those where a domestic insurer or volume insurer cedes 50% or more of its business, or where a licensee cedes business to an affiliate. The subdivision provides that where the loss of statement credit for reinsurance ceded to a licensed or accredited reinsurer would cause a significant adverse impact upon a domestic or volume insurer, the Commissioner may condition consent to the transaction upon inclusion within the reinsurance agreement of a provision requiring the reinsurer to provide security for the cession should its financial strength diminish during the term of the contract, or should a regulator deny credit for the cession.

Subdivision (k) states requirements for agreements where the contract is a material reinsurance agreement, the ceding insurer is either a domestic insurer or a volume insurer, and the agreement provides for transmission of payments between the parties through

a reinsurance intermediary. The subdivision provides that the Commissioner may condition consent to the subject transaction upon the intermediary having been issued a satisfactory examination report by the Department within the prior three years.

Subdivision (l) provides that if the parties desire to amend an agreement after the Commissioner has provided consent, the parties shall submit a copy of the proposed amendment to the Department at least 30 days prior to its execution for a determination of whether a new application for consent will be required. The subdivision requires that notice of the proposed amendment shall include an explanation of the reason for the change, and specifies the manner of submitting the notice.

Subdivision (m) is applicable to licensees that have been sold as a corporate shell, or when a sale of the insurer or other circumstance results in a significant change in the insurer's operations so that all or a majority of the documents previously submitted to the Department by the insurer concerning its operations are no longer valid. The licensee is required to submit the same documents required for an initial application for a Certificate of Authority for a determination that its reinsurance arrangements are not materially deficient and that it meets all licensing requirements.

Subdivision (n) prescribes the form of formal commitments made by licensees.

Subdivision (o) clarifies that the formal report of examination required by Code Section 734.1, which are issued following once every five year formal examinations, will not be routinely issued for the limited examinations required or permitted by this article, or the limited examinations routinely performed as a function of Department oversight. The subdivision permits the insurer to request a formal written report of examination, with an acknowledgment that preparation of the report may require further examination of the insurer.

Subdivision (p) provides that the Commissioner's consent is conditioned upon the truth and veracity of the documents and information submitted by or on behalf of the licensed insurer making the request. The subdivision states the consequences for submitting documents or information that are materially false or misleading, or failing to disclose material information, as including voiding of consent and revocation of a Certificate of Authority.

§ 2303.16 Attestation Requirements

Commencing with the annual statement for 2005, each property and casualty insurer is required to file with its annual statement a form designated as "Supp 20-1," titled "Reinsurance Attestation Supplement." This section requires that for each separate agreement disclosed in the attestation form, the insurer shall

provide a summary description of the separate agreement, including the parties, the date of execution and the inception date, and a summary description of the agreement to which the separate agreement relates, including the parties, the date of execution and the inception date. The section provides that the additional information may be included within the required attestation form or as an attachment thereto.

§ 2303.17 Reinsurance Intermediaries

This section establishes the standards and procedures for the examination of a licensed reinsurance intermediary as permitted in Code Section 1781.10.

Subdivision (a) provides that an application for examination of an intermediary may be made upon the request of the intermediary, or upon the request of a licensed insurer with the written consent of the intermediary. The subdivision specifies the documents to be included with the application, including copies of the financial reports provided by the intermediary to its clients in the three years prior to the application; copies of any audits performed in the three years prior to the application, copies of specified financial reports if the intermediary is not independently audited; a report of funds held in fiduciary accounts; a description of fidelity bonds and errors and omission policies; and other information as may be requested by the Commissioner.

Subdivision (b) provides that each financial report submitted pursuant to this section shall be certified by an officer of the intermediary as being a true copy of the original, and shall contain a statement signed by the intermediary's chief financial officer under penalty of perjury attesting to the veracity of the report.

Subdivision (c) provides that the Commissioner shall examine the business and affairs of the intermediary to determine its compliance with applicable provisions of the California Insurance Code and its ability to fulfill its obligations.

Subdivision (d) specifies the procedures for issuance of the examination report, which follow similar requirements applicable to the issuance of examination reports for insurers.

Subdivision (e) specifies that the Commissioner shall not commence examination of the intermediary until receipt of a written commitment from the applicant, satisfactory to the Commissioner, that the applicant shall promptly pay all costs of the examination.

Subdivision (f) provides that a request for an examination of a reinsurance intermediary shall be made following the procedures set forth in Section 2303.22(i) of this article.

Subdivision (g) requires licensed intermediaries to annually file with the Department a copy of the

financial statements they provide to their clients pursuant to the requirements of Code Sections 1781.6(c) and 1781.9(b).

Subdivision (h) clarifies that the Commissioner may examine an intermediary whenever he deems necessary.

§ 2303.18 Commissioner's Discretion

This section provides that the Commissioner may exercise discretion in requiring strict compliance with the requirements of this article, where the Commissioner determines that (1) the variance is not material, (2) the true financial condition of the insurer may be elicited from analysis of the financial statements and other public documents as may be filed, and (3) compliance would cause undue hardship to the insurer.

§ 2303.19 Denial of Statement Credit And Non-Admission of Assets

Subdivision (a) provides that credit on financial statements for reinsurance ceded shall be denied if the applicable requirements of Sections 2303.3 through 2303.13 of this article have not been met, by non-admission of recoverables on paid losses, disallowance of recoverables on unpaid losses, or a requirement to use deposit accounting for the cession.

Subdivision (b) provides that reinsurance recoverables that are due more than 90 days from a reinsurer to a domestic insurer on paid losses or paid loss adjustment expenses may, in the Commissioner's discretion, be deemed non-admitted assets. The subdivision also provides that a domestic insurer may follow the NAIC Accounting Guidance when reporting reinsurance recoverables due more than 90 days on its financial statements, unless the Commissioner expressly requires the statements to reflect the subject recoverables as non-admitted assets.

Subdivision (c) provides that upon a determination that credit for reinsurance ceded shall not be permitted or an asset is deemed non-admitted, the Commissioner shall issue a finding in the form of a written explanation to the ceding insurer setting forth the reasons for the determination. The determination may be appealed to the Chief of the Financial Surveillance Branch or to the successor position after a reorganization of the Department, in a manner consistent with making a request for a permitted accounting practice.

Subdivision (d) provides that denial of credits on financial statements for reinsurance ceded pursuant to subdivisions (a) and (b) of this section shall not be construed to be the only adjustments for reinsurance contemplated under the California Insurance Code. To the extent that the NAIC Accounting Guidance prescribes additional reductions in credits for reinsurance or additional liability provisions for reinsurance, the NAIC Accounting Guidance shall be followed.

§ 2303.20 *Sanctions For Non-Payment of Reinsurance*

Subdivision (a) specifies that the failure or refusal of a reinsurer to make payments to a ceding insurer of the amount shown on a settlement report as the reinsurer's share of losses and loss adjustment expenses shall constitute not carrying out a contract in good faith under Code Section 704 if (1) the reinsurer's response to the settlement report does not establish that it had a reasonable basis for its decision, or (2) the reinsurer's investigation of the ceding insurer's claim for payment was not conducted in good faith.

Subdivision (b) defines "settlement report" and "timely payment", which are key terms used in the section.

Subdivision (c) provides that for purposes of calculating the fine permitted by Code Section 704.7 (up to \$55,000), each failure by a reinsurer to make timely payment of the amount stated in a settlement report shall constitute a separate violation if either of the conditions specified in subdivision (a) of this section exists with regard to such unpaid amount.

§ 2303.21 *Insurer Default For Failure To Comply*

Subdivision (a) of this section provides that as used in Code Section 701, "governmental control" includes the requirements placed upon licensed insurers by this article. Subdivision (b) of this section provides that a violation by a licensed insurer of any requirement of this article shall constitute a failure to comply with the laws of this State regarding governmental control.

§ 2303.22 *Filing Requirements*

Subdivision (a) provides that all costs and expenses incurred by the Department in connection with the review of an application, request or filing made under this article by or on behalf of an insurer or reinsurance intermediary in excess of any deposit paid shall be billed to the insurer or reinsurance intermediary making the application, request or filing. This subdivision also provides that the Commissioner shall maintain a schedule of the deposits required under this article on the Department's website and, after 90 days notice provided on the website schedule, may revise the deposit amounts as necessary to substantially cover the expected costs of review.

Subdivision (b) provides that as used in Code Section 924 which assesses late filing fees, the term "statements or stipulations" shall include all filings required by this article and the filings required by Code Section 1011.5.

The remaining subdivisions of this section specify the deposit amounts and filing instructions for the various applications required by this article.

§ 2303.23 *Severability*

This subdivision provides that if any provision of this article, or the application of a provision to any person or circumstance, shall be held invalid, the remainder of the article, and the application of the provision to persons or circumstances other than those to which it is held invalid, shall not be affected.

§ 2303.24 *Effective Date*

Subdivision (a) provides that Section 2303 through Section 2303.25 of this article shall become effective on July 1, 2006, or the 60th day following the day those sections are filed with the Secretary of State, whichever is later (the "Effective Date"). The subdivision also provides that Section 2303.15(k) (conditioning consent to a transaction on the availability of an intermediary examination) becomes effective one year after the date when all other sections of the regulations become effective.

Subdivision (b) provides that no licensee may claim reserve credit for any reinsurance agreement entered into or renewed on or after the Effective Date unless the agreement and the security provided therefor conform to the requirements of this article. Except as specifically provided, the regulations will not apply to reinsurance agreements that are in effect prior to the Effective Date. The subdivision also provides that no licensee may claim reserve credit for any material reinsurance agreement, as defined in Section 2303.2(q), that is materially amended on or after the Effective Date unless the agreement and the security provided therefor conform to the requirements of this article.

Subdivision (c) provides that licensees shall follow the requirements of Bulletin 97-5, issued pursuant to Code Section 922.8, until the Effective Date. On and after the Effective Date, all reinsurance agreements and security that are not made subject to the requirements of this article pursuant to subdivision (b) of this section shall remain subject to the requirements of Bulletin 97-5. The subdivision provides that Bulletin 97-5 is incorporated in the regulations by reference for that limited purpose.

Subdivision (d) provides that licensees shall continue to conform to the requirements of the NAIC Accounting Guidance, to the extent that those requirements do not conflict with applicable requirements of the Code and Bulletin 97-5, or, after the Effective Date, with this article.

§ 2303.25 *Approved Forms*

This section provides forms that are required or permitted by the regulations. The Certificate of Assuming Insurer Form AR-1 as published in this section is required under Section 2303.4 and 2303.5 of this article. The Designation of Agent for Service of Process and Consent to Jurisdiction Form AR-2 as

published in this section is a form acceptable to the Commissioner under the requirements of Sections 2303.4, 2303.5, 2303.7, and 2303.8 of this article. The Letter of Credit for Reinsurance Form AR-3 as published in this section is a form acceptable to the commissioner for the purpose of securing ceded reinsurance under Section 2303.8 of this article.

Document Incorporated by Reference

The following document has been incorporated by reference into the proposed regulations:

California Department of Insurance Bulletin 97-5, dated December 3, 1997.

MANDATES ON LOCAL AGENCIES OR SCHOOL DISTRICTS

The proposed regulations do not impose any mandate on local agencies or school districts. There are no costs to local agencies or school districts for which Part 7 (commencing with Section 17500) of Division 4 of the Government Code would require reimbursement.

COST OR SAVINGS TO STATE/LOCAL AGENCY OR SCHOOL DISTRICT OR IN FEDERAL FUNDING

The Commissioner has determined that the proposed regulations will result in no cost or savings to any state agency, no cost to any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code, no other nondiscretionary cost or savings imposed on local agencies, and no cost or savings in federal funding to the State.

ECONOMIC IMPACT ON BUSINESSES AND THE ABILITY OF CALIFORNIA BUSINESSES TO COMPETE

The Commissioner has made an initial determination that the proposed regulations may have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. Affected businesses are licensed insurers and licensed reinsurance intermediaries.

With respect to a licensed insurer, the regulations include requirements that may reduce a licensee's policyholder surplus by the denial of credit for reinsurance, which may restrict its writing of new business and perhaps negatively affect its financial strength rating; these consequences in turn could reduce profitability, increase costs and impair the insurer's ability to compete. The regulations include

requirements that specified reinsurance contracts and supporting collateral of domestic insurers and many foreign insurers must include specific provisions, which may increase associated costs or reduce the universe of reinsurers willing to enter contracts or provide collateral with such terms.

The regulations require domestic ceding insurers to include provisions in their reinsurance agreements that may limit or preclude a reinsurer's ability to apply a set-off to reduce its payment obligations to the liquidator in a liquidation of the ceding insurer. The set-off limitations may reduce the universe of reinsurers willing to enter contracts with such terms, and may result in an increase in the cost of reinsurance to some domestic ceding insurers, increasing the cost of their products and adversely impacting their ability to compete.

The proposed regulations may require domestic insurers and certain foreign insurers to maintain a greater level of surplus and insurance risk than they maintain at present in reinsurance transactions among affiliates where most of the risk and assets are presently transferred to a lead insurer in the group. Requiring a greater retention of assets by affiliates may result in lower investment income for the group.

The Commissioner has carefully considered the adverse economic impact on licensed insurers that may occur by adoption of the proposed regulations, and has no evidence to demonstrate that the adverse economic impact will be significant. The Commissioner has determined that the benefit to be gained by the proposed regulations in safeguarding the solvency of licensed insurers and protecting the interests of their policyholders and creditors outweighs the likely adverse economic impact.

As described below, licensed reinsurance intermediaries may for the first time be required to undergo examination by the Department, at a cost to them that is estimated at \$51,000 every three years.

The Commissioner has not considered proposed alternatives that would lessen any adverse economic impact on business and invites interested parties to submit proposals. Submissions may include the following considerations:

- (i) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to businesses.
- (ii) Consolidation or simplification of compliance and reporting requirements for businesses.
- (iii) The use of performance standards rather than prescriptive standards.
- (iv) Exemption or partial exemption from the regulatory requirements for businesses.

POTENTIAL COST IMPACT ON PRIVATE PERSONS OR ENTITIES/BUSINESSES

With respect to licensed insurers, additional costs will include training of staff, revising contract forms to include new provisions, and perhaps consulting fees. Costs for reinsurance may increase. The additional costs are not known.

With respect to a licensed reinsurance intermediary, certain intermediaries will undergo financial examination by the Department. The cost of examination will be borne by the intermediary, and is estimated to be approximately \$51,000. The Commissioner estimates that approximately 10 intermediaries will require examination, which will be performed in the year following the effective date of the regulations. An examination of the intermediary would be performed every three years. A licensed intermediary may be considered a small business.

The Commissioner has determined there is no reasonable alternative to the presently proposed regulations with respect to examination of intermediaries. Licensed reinsurance intermediary brokers are presently not independently audited. An independent examination by a Certified Public Account would be far more expensive to the intermediary than the proposed examination by the Department. No other state or federal regulator examines reinsurance intermediaries, notwithstanding that the intermediaries examined under the regulations handle billions of dollars annually in transfer payments between insurers and reinsurers.

For certain insurers a savings of \$5,400.00 could result from the adoption of the regulations. Currently, an insurer that transfers or assumes substantially all of its business must apply for the commissioner's prior consent. The fee charged by the Department for these applications is \$5,400.00. The proposed regulations would reduce the number of such insurers that would be required to seek such consent, by exempting from this requirement foreign insurers whose volume of California business is sufficiently low. For this reason, low-volume foreign insurers transferring or assuming substantially all their business would no longer be required to pay the \$5,400.00 fee. However, such insurers are not representative of the businesses that would be subject to the proposed regulations, and the annual cost saving is not known.

FINDING OF NECESSITY

The Commissioner finds that it is necessary for the welfare of the people of the state that the regulations apply to businesses.

EFFECT ON JOBS AND BUSINESSES IN CALIFORNIA

The Commissioner is required to assess any impact the regulations may have on the creation or elimina-

tion of jobs in the State of California, the creation of new businesses, the elimination of new businesses, and the expansion of businesses currently operating in the state. The Commissioner estimates that the proposed regulations may create employment opportunities for ten or less consultants to provide advice and staff training with respect to compliance. Interested parties are invited to comment on this issue.

IMPACT ON HOUSING COSTS

The matters proposed herein will have no significant effect on housing costs.

ALTERNATIVES

The Commissioner must determine that no reasonable alternative considered by the Commissioner or that has otherwise been identified and brought to the attention of the Commissioner would be more effective in carrying out the purposes for which the regulations are imposed or would be as effective and less burdensome to affected private persons than the proposed regulations. The Commissioner invites public comment on alternatives to the regulations.

IMPACT ON SMALL BUSINESS

The Commissioner has determined that the proposed regulations will affect small business, to the extent a licensed reinsurance intermediary may qualify as a small business. Pursuant to Government Code section 11342.610, subdivision (b), paragraph (2), insurers are not small businesses. All reinsurers are necessarily insurers.

COMPARABLE FEDERAL LAW

There are no existing federal regulations or statutes comparable to the proposed regulations.

TEXT OF REGULATIONS AND INITIAL STATEMENT OF REASONS

The Department has prepared an initial statement of reasons that sets forth the reasons for the proposed regulations. The initial statement of reasons and the text of the proposed regulations are available on the Department's website and may be accessed as explained below.

Upon request, the initial statement of reasons will be made available for inspection and copying. Requests for the initial statement of reasons or questions regarding this proceeding should be directed to the contact person listed above. Upon request, the final statement of reasons will be made available for inspection and copying once it has been prepared. Requests for the final statement of reasons should be directed to the contact person listed above.

The file for this proceeding, which includes a copy of the proposed regulations, the statement of reasons, the information upon which the proposed action is based, and any supplemental information, including any reports, documentation and other materials related to the proposed action that is contained in the rulemaking file, is available for inspection and copying at 45 Fremont Street, 21st Floor, San Francisco, California 94105, between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday.

AUTOMATIC MAILING

A copy of this notice, including the informative digest, which contains the general substance of the proposed regulations, will automatically be sent to all persons on the Insurance Commissioner's mailing list.

WEBSITE POSTINGS

Documents concerning this proceeding are available on the Department's website. To access them, go to <http://www.insurance.ca.gov>. Find, near at the top of the leftmost column, the pull down menu under the heading "Quick Links." Select the "Legal Information" link. On the "Legal Information" page, click on the "Proposed Regulations" link. When the "Search or Browse for Documents for Proposed Regulations" screen appears, you may choose to find the documents either by conducting a search or by browsing for them by name.

To search, enter "RH01015731" (the Department's regulation file number for these regulations) in the search field. Alternatively, search using as your search term the California Insurance Code section number of a code section that the regulations implement (for instance, "922.8"), or search by keyword ("reinsurance," for example, or "cession"). Then, click on the "Submit" button to display links to the various filing documents.

To browse, click on the "Browse All Regulations" button near the bottom of the screen. A list of the names of regulations for which documents are posted will appear. Find in the list the "Reinsurance Oversight Regulations" link, and click it. Links to the documents associated with these regulations will then be displayed.

MODIFIED LANGUAGE

If the regulations adopted by the Department differ from those which have originally been made available but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Interested persons should request a copy of these regulations prior to adoption from the contact person listed above.

TITLE 17. DEPARTMENT OF HEALTH SERVICES

ACTION

Notice of Proposed Rulemaking
Title 17, California Code of Regulations

SUBJECT

Well Logging, R-10-04

PUBLIC PROCEEDINGS

Notice is hereby given that the California Department of Health Services will conduct written public proceedings, during which time any interested person or such person's duly authorized representative may present statements, arguments or contentions (all of which are hereinafter referred to as comments) relevant to the action described in this notice.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The Radiation Control Law (Health & Safety Code, §§ 114960–115273) requires the Department of Health Services (Department) to develop programs for licensing and regulating radioactive materials. (Health & Safety Code, § 115000, subd. (b).) In 1962, the State of California ratified and approved the State entering into an agreement with the United States Atomic Energy Commission, the predecessor of the United States Nuclear Regulatory Commission (NRC), by which the federal agency discontinued its regulatory authority over certain radioactive materials. (Health & Safety Code, § 115230.) By such action California became an "Agreement State."

A provision of the agreement between California and the NRC specifies that the State "will use its best efforts to maintain continuing compatibility between its program and the program of the [United States Atomic Energy] Commission for the regulation of like materials." (Health & Safety Code, § 115235, art. V.) NRC's stated policy is "to evaluate Agreement State programs established pursuant to Section 274 of the Atomic Energy Act of 1954, as amended, to ensure they are adequate to protect public health and safety and compatible with NRC's regulatory program." To determine a state's compatibility, the NRC uses Management Directive 5.9, *Adequacy and Compatibility of Agreement State Programs*, Handbook 5.9. This handbook describes the specific criteria and process that are used to clarify the NRC program elements that should be adopted and implemented by an Agreement State for purposes of compatibility, and those NRC program elements that have a particular health and safety significance. The NRC rates the elements on the degree of compatibility required. Thus, the NRC requires that some be adopted by the states in a form identical to the NRC's while adoption of others need

not be identical but are required to meet the essential objective of the program element. The overall determination of adequacy and compatibility for an Agreement State is made pursuant to Management Directive 5.6, *The Integrated Materials Performance Evaluation Program (IMPEP)*. The NRC evaluates Agreement States every three to four years to determine if a state's radiation safety program meets the adequacy and compatibility criteria. If California fails to meet those criteria the NRC may revoke California's status as an Agreement State.

The NRC has amended its regulations addressing well logging operations. Well logging means all operations involving the lowering and raising of measuring devices or tools, which contain radiation sources or are used to detect radiation sources in wells, for the purpose of obtaining information about the well or adjacent formations which may be used in oil, gas, mineral, groundwater, or geological exploration. (Cal. Code Regs., tit. 17, § 30345.2(q).) To ensure compliance with the NRC agreement and compatibility of State regulations, this proposal amends existing regulations relating to well logging and addresses those changes made by the NRC as noted in the following federal registers regarding well logging:

65 Fed.Reg. 20337 (April 17, 2000)

65 Fed.Reg. 63749 (Oct. 24, 2000)

The NRC made clarifying changes that were nonsubstantial and adopted provisions addressing energy compensation and tritium neutron generator target sources, and dosimetry technology.

The regulations that implement, interpret and make specific the provisions of the Radiation Control Law are in title 17, California Code of Regulations, §§ 30100 through 30395.

The statutory authority and reference citation numbers of sections being amended are changed to reflect the numbering system implemented by the 1995 recodification of the Health and Safety Code resulting in a nonsubstantial change pursuant to title 1, California Code of Regulations, § 100.

The Department proposes to amend, adopt or repeal the following:

Amend **Section 30345.2, Definitions**, to clarify that the definitions in § 30100 also apply within this article, to recodify the numbering system, and correct grammar, punctuation, and terminology usage, and to ensure compatibility with NRC's provisions in 10 CFR 39.2.

Amend **Section 30346.6, Design and Performance Criteria for Sealed Sources**, to ensure that the requirements are essentially identical to the NRC provision in 10 CFR 39.41 and to make nonsubstantial changes. Two documents are incorporated by reference; namely, 1) "Classification of Sealed Radioactive Sources," (USASI N5.10-1968) published by the

American Institute of Chemical Engineers; and 2) "Sealed Radioactive Sources—Classification," (ANSI/HPS N43.6-1997) published by the Health Physics Society.

Adopt **Section 30346.11, Use of Energy Compensation Sources**, for consistency with NRC's changes regarding use of energy compensation sources specified in 10 CFR 39.53. (65 Fed.Reg. 20345 (Apr. 17, 2000).)

Adopt **Section 30346.12, Use of Tritium Neutron Generator Target Sources**, for consistency with NRC's changes regarding use of tritium neutron generator target sources specified in 10 CFR 39.55. (68 Fed.Reg. 75390 (Dec. 31, 2003).)

Amend **Section 30348.3, Personnel Monitoring**, for consistency with NRC's changes to 10 CFR 39.65. (65 Fed.Reg. 63749 (Oct. 24, 2000).) Terminology usage is corrected.

AUTHORITY

Sections 100275 and 115000, Health and Safety Code.

REFERENCE

Sections 114965, 114970, 114985(g), 115000, 115060, 115105, 115110, 115165, 115230, 115235, 115091 and 115092, Health and Safety Code.

COMMENTS

Any written comments pertaining to these regulations, regardless of the method of transmittal, must be received by the Office of Regulations by 5 p.m. on January 23, 2006, which is hereby designated as the close of the written comment period. Comments received after this date will not be considered timely. Persons wishing to use the California Relay Service may do so at no cost. The telephone numbers for accessing this service are: 1-800-735-2929, if you have a TDD; or 1-800-735-2922, if you do not have a TDD. Written comments may be submitted as follows:

1. By mail or hand-delivered to the Office of Regulations, Department of Health Services, MS 0015, 1501 Capitol Avenue, P.O. Box 997413, Sacramento, CA 95899-7413. It is requested but not required that written comments sent by mail or hand-delivered be submitted in triplicate; or
2. By fax transmission: (916) 440-7714; or
3. By email to regulation@dhs.ca.gov (it is requested that email transmissions of comments, particularly those with attachments, contain the regulation package identifier "R-10-04" in the subject line to facilitate timely identification and review of the comment); or
4. By using the "Making Comments on DHS Regulations" link on the Department website at <http://www.applications.dhs.ca.gov/regulations/>.

All comments, including email or fax transmissions, should include the author's name and U.S. Postal Service mailing address in order for the Department to provide copies of any notices for proposed changes to the regulation text on which additional comments may be solicited.

INQUIRIES

Inquiries regarding the substance of the proposed regulations described in this notice may be directed to Phillip Scott of the Radiologic Health Branch at (916) 440-7978.

All other inquiries concerning the action described in this notice may be directed to Cathy Ruebusch of the Office of Regulations at (916) 440-7841, or to the designated backup contact person, Charles E. Smith, at (916) 440-7693.

CONTACTS

In any inquiries or written comments, please identify the action by using the Department regulation control number, R-10-04: Well Logging.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF REGULATIONS

The Department has prepared and has available for public review an initial statement of reasons for the proposed regulations, all the information upon which the proposed regulations are based, and the text of the proposed regulations. The Office of Regulations, at the address noted above, will be the location of public records, including reports, documentation, and other material related to the proposed regulations (rulemaking file). In addition, a copy of the final statement of reasons (when prepared) will be available upon request from the Office of Regulations.

Materials regarding the action described in this notice (including this public notice, the regulation text, and the initial statement of reasons) that are available via the Internet may be accessed at <http://www.applications.dhs.gov/regulations/> and then clicking on the "Select DHS regulations" button.

In order to request a copy of this public notice, the regulation text, and the initial statement of reasons be mailed to you, please call (916) 440-7695 (or California Relay at 711/1-800-735-2929), or email regulation@dhs.ca.gov, or write to the Office of Regulations at the address noted above. Upon specific request, these documents will be made available in Braille, large print, and audiocassette or computer disk.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

The full text of any regulation which is changed or modified from the express terms of the proposed action will be made available by the Department's

Office of Regulations at least 15 days prior to the date on which the Department adopts, amends, or repeals the resulting regulation

FISCAL IMPACT ESTIMATE

- A. Fiscal Effect on Local Government: None.
- B. Fiscal Effect on State Government: None.
- C. Fiscal Effect on Federal Funding of State Programs: None.
- D. All cost impacts, known to the Department at the time the notice of proposed action was submitted to the Office of Administrative Law, that a representative private person or business would necessarily incur in reasonable compliance with the proposed action: The agency is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.
- E. Other Nondiscretionary Cost or Savings Imposed on Local Agencies: None.

DETERMINATIONS

The Department has determined that the regulations would not impose a mandate on local agencies or school districts, nor are there any costs for which reimbursement is required by Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

The Department has made an initial determination that the regulations would not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

The Department has determined that the regulations would not significantly affect the following:

- (1) The creation or elimination of jobs within the State of California.
- (2) The creation of new businesses or the elimination of existing businesses within the State of California.
- (3) The expansion of businesses currently doing business within the State of California.

The Department has determined that the regulations would affect small business.

The Department has determined that the regulations will have no impact on housing costs.

ADDITIONAL STATEMENTS AND COMMENTS

In accordance with Government Code Section 11346.5(a)(13) the Department must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is

proposed or would be as effective and less burdensome to affected private persons than the proposed action.

No hearing has been scheduled; however any interested person or his or her duly authorized representative may request in writing, no later than 15 days prior to the close of the written comment period, a public hearing pursuant to Government Code Section 11346.8.

For individuals with disabilities, the Department will provide assistive services such as sign-language interpretation, real-time captioning, note takers, reading or writing assistance, and conversion of public hearing materials into Braille, large print, audiocassette, or computer disk. To request such services or copies in an alternate format, please call or write: Cathy Ruebusch, Office of Regulations, MS 0015, P.O. Box 997413, Sacramento, CA 95899-7413, voice (916) 440-7841, and/or California Relay 711/1-800-735-2929. Note: The range of assistive services available may be limited if requests are received less than ten business days prior to a public hearing.

TITLE 22. EMPLOYMENT TRAINING PANEL

NOTICE OF PROPOSED RULEMAKING

NOTICE IS HEREBY GIVEN that the Employment Training Panel (Panel) proposes to repeal Section 4414 and adopt Section 4400(kk) in Title 22 of the California Code of Regulations. These actions would delete the existing standards for "job creation" training and define this term as an aspect of the Panel's funding priorities. The Initial Statement of Reasons and Express Text of the proposed actions are accessible through the What's New link on the Home Page of the ETP website (www.etp.ca.gov).

AUTHORITY AND REFERENCE

The Panel's rulemaking authority is set forth at Section 10205(m) of the Unemployment Insurance (U.I.) Code. The proposed new regulation would implement, interpret and make specific Sections 10200(a)(1) and 10200(b)(2&4) of the U.I. Code.

INFORMATIVE DIGEST

Under existing law, the Panel may only fund training that will "foster the creation of high wage, high skilled jobs, . . ." [U.I. Code Section 10200(a)(1).] Under a related provision, [U.I. Code Section 10200(b)(3&4)] the Panel must give funding priority to projects that best meet a series of goals. The two pertinent goals are: 1) training new employees of firms locating or expanding in the state, and 2) training workers who have been displaced.

Existing Section 4414 sets forth a three-prong definition of "job creation" but it only satisfies one of the pertinent statutory goals, which is to train displaced workers. Proposed Section 4400(kk) would broaden the definition of "job creation" to include the goal of training the employees of a business that is locating or expanding its operations in California.

Existing Section 4414 would be repealed as part of this regulatory action because the displaced workers standard is included in the new regulation and the other two standards are no longer applicable: 1) the "new hire" standard is redundant because it is the equivalent of job creation; and 2) the California Career Ladders to the 21st Century standard is obsolete because that program has been abolished.

FISCAL DISCLOSURES

The Panel has made the following initial determinations regarding fiscal disclosures required by Section 11346.2 of the Government Code.

A. Fiscal Impact. The Panel has made an initial determination that the proposed actions do not impose costs or savings requiring reimbursement under Section 17500 et seq. of the Government Code. Furthermore, these actions do not impose non-discretionary costs or savings to any local agency; nor do they impact federal funding for the State.

The Panel has made an initial determination that the proposed actions do not impose costs or savings to any State agency pursuant to Section 11346.1(b) or 11346.5(a)(6) of the Government Code. Furthermore, there are no fiscal impact disclosures required by State Administrative Manual sections 6600-6670.

B. Cost Impacts. The Panel is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The same determination applies to housing costs. These actions simply clarify the Panel's definition of Job Creation and thus, there would be no costs associated with these actions.

C. Adverse Impact on Business. The Panel has made an initial determination that the proposed actions do not have any significant, statewide adverse economic impact directly affecting business, including the ability to compete.

D. Effect on Small Business. The Panel has determined that the proposed actions will not affect small businesses unless they seek training funds. Since this action would clarify and simplify the Panel's standards for reviewing and funding training proposals, this would be a positive effect.

E. Effect on Jobs and Business Expansion. The Panel has made an initial determination that the proposed actions would not create or eliminate jobs in California. Nor would they create new businesses or eliminate existing businesses in California. The Panel

has made an initial determination that these actions would not directly affect the expansion of businesses currently operating in California.

F. Imposed Mandate. The Panel has made an initial determination that the proposed actions do not impose a mandate on local agencies or school districts.

REASONABLE ALTERNATIVES

The Panel has made an initial determination that there are no reasonable alternatives to the proposed actions that would be more effective in carrying out their purpose, or that would be as effective and less burdensome to affected private parties. Interested persons are welcome to identify reasonable alternatives during the written comment period.

WRITTEN COMMENT PERIOD

A 45-day written comment period has been established beginning on December 2, 2005 and ending at 5:00 p.m. on January 16, 2006. Any interested person, or his or her authorized representative, may present written comments on the proposed actions within that time period. Comments should be sent to:

Margie Miramontes
Employment Training Panel, Legal Unit
1100 "J" Street, Fourth Floor
Sacramento, CA 95814
Telephone: (916) 327-5252
E-Mail: mmiramontes@etp.ca.gov
FAX: (916) 327-5268

PUBLIC HEARING

A public hearing will not be held unless one is requested by an interested person, or his or her authorized representative. The request must be submitted in writing to Ms. Miramontes at the address shown above no later than 5:00 p.m. on the fifteenth day before the written comment period ends. The request should identify the specific regulatory action for which the hearing is requested.

MODIFICATIONS

Modifications to the text of the proposed regulatory actions may be made after the public comment period. If so, they will be posted on the ETP Website at www.etp.ca.gov. They will also be available upon request to Ms. Miramontes. Said modifications will be open to public comment for at least 15 days before their adoption, as noticed on the ETP Website.

AVAILABILITY OF DOCUMENTS

The Panel has prepared an Initial Statement of Reasons for the proposed actions, and has compiled all information on which the actions were based. This statement, along with the express text of the proposed actions and the written information on which they

were based, are available for inspection at the address shown above. Any inquiries should be directed to Ms. Miramontes.

The Panel will prepare a Final Statement of Reasons at the conclusion of the public comment period. This final statement and the information on which it is based will also be available for inspection at the written comment address shown above.

This Notice of Proposed Rulemaking is posted on the ETP Website at www.etp.ca.gov. The Initial Statement of Reasons and the express text of the proposed actions are also posted on the ETP Website. When the Final Statement of Reasons is prepared, it will be posted on the ETP Website.

CONTACT PERSONS

Requests for copies of the express text of the proposed actions and the modified text (if any), and the Initial Statement of Reasons, should be directed to Ms. Miramontes using the contact information shown above. In addition, the "rulemaking file" of written information on which the proposed actions are based is available for inspection through Ms. Miramontes.

In the event Ms. Miramontes is unavailable, inquiries regarding the proposed regulatory actions should be directed to Staff Counsel Maureen Reilly at the same address or by phone at (916) 327-5422 or email at mreilly@etp.ca.gov.

TITLE MPP. DEPARTMENT OF SOCIAL SERVICES (CDSS)

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ORD #1005-16

ITEM # 1 California Work Opportunity and Responsibility to Kids (CalWORKs) Program Changes, Senate Bill (SB) 1104 (Ch. 229, Stats. of 2004) and SB 68 (Ch. 78, Stats. of 2005).

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held January 18, 2006, as follows:

January 18, 2006
Office Building # 9
744 P St. Auditorium
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility

is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on January 18, 2006.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

CONTACT

Office of Regulations Development
California Department of Social Services
744 P Street, MS 7-192
Sacramento, California 95814
TELEPHONE: (916) 657-2586
FACSIMILE: (916) 654-3286
E-MAIL: ord@dss.ca.gov

CHAPTERS

Manual of Policies and Procedures, Division 11 (Administrative Standards for Eligibility and Assistance Programs), Chapter 11-500 (Program Standards—Income Maintenance), Section 11-501 (Income Maintenance Responsibilities); Division 42 (Nonlinking Factors of Public Assistance Eligibility), Chapter 42-300 (General Time Limit Requirements), Section 42-302 (60-Month Time Limit Requirements for Adults); Chapter 42-700 (Welfare-to-Work), Section 42-701 (Introduction to Welfare-to-Work), Section 42-710 (18- and 24-Month Time Limits), Section

42-711 (Welfare-to-Work Participation Requirements), Section 42-712 (Exemptions From Welfare-to-Work Participation), Section 42-713 (Good Cause For Not Participating), Section 42-715 (Domestic Abuse Protocols and Training Standards); Section 42-716 (Welfare-to-Work Activities), Section 42-718 (Other Providers of Activities and Services), Section 42-719 (School Attendance), Section 42-720 (Nondisplacement Protection in Work Activities), Section 42-721 (Noncompliance with Program Requirements), Section 42-722 (Learning Disabilities Protocols and Standards); Chapter 42-800 (Welfare-to-Work Requirements for RCA Participants: Introduction), Section 42-802 (Job, Training, and Education for RCA Welfare-to-Work Participants); Chapter 42-1000 (Welfare-to-Work Supplemental Refugee Services (SRS) Component), Section 42-1009 (Mandatory Components for SRS Participants); Section 42-1010 (Optional Components for SRS Participation); Division 44 (Standards of Assistance), Chapter 44-100 (Income), Section 44-111 (Payments Excluded or Exempt From Consideration as Income), and Division 63 (Food Stamp Regulations), Chapter 63-400 (Eligibility Standards), Section 63-407 (Work Registration Requirements)

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Senate Bill 1104, Chapter 229, Statutes of 2004, and SB 68, Chapter 78, Statutes of 2005, amends the CalWORKs Welfare-to-Work program. The CalWORKs Welfare-to-Work program is the employment and training component of CalWORKs, California's version of the federal Temporary Assistance for Needy Families (TANF) Program.

Federal welfare reform enacted the TANF program through the Personal Responsibility and Work Opportunity Reconciliation Act in 1996 and limits cash aid to a family with an adult to a total of five years. The intent of the Welfare-to-Work program is to provide employment and training services to the maximum possible number of the adult CalWORKs population to assist them in achieving economic self-sufficiency within this time frame.

To further achieve this goal, the proposed regulations will enhance the program's "work first" approach and establish a universal engagement requirement that will engage families as soon as possible in services they need to become economically self-sufficient. Participation requirements are also a key component in obtaining the CalWORKs program goal. The proposed regulations will eliminate the 18- or 24-month time limit on participation in specified education and training activities and require adults to participate in at least 20 hours per week in core welfare-to-work activities that will provide them with

the necessary training to obtain employment. The balance of their 32- or 35-hour per week participation requirement can be spent in other specified non-core activities that will aid recipients in obtaining employment.

Additionally, the proposed regulations will make other technical, conforming changes, such as renumbering sections and amending cross references as necessary.

COST ESTIMATE

1. Costs or savings to State Agencies: Net savings of \$0.4 million in Fiscal Year 2005–06 (a reduction of \$0.5 million from the savings included in the Budget Act of 2005). Due to the TANF Block Grant funding and State General Fund maintenance of effort requirements, the savings associated with this bill would be redirected to fund other CalWORKs Program Costs.
2. Costs to Local Agencies or School Districts: None.
3. Nondiscretionary Costs or Savings to Local Agencies: Net savings of \$3.6 million in Fiscal Year 2005–06 (a reduction of \$0.1 million from the savings included in the Budget Act of 2005).
4. Federal Funding to State Agencies: Net savings of \$9.3 million in Fiscal Year 2005–06 (a reduction of \$4.9 million from the savings included in the Budget Act of 2005). Due to the TANF Block Grant funding and State General Fund maintenance of effort requirements, the savings associated with this bill would be redirected to fund other CalWORKs Program Costs.

LOCAL MANDATE STATEMENT

These regulations do impose a mandate upon local agencies, but not upon school districts. The mandate is not required to be reimbursed pursuant to Part 7 (commencing with Section 17500) of Division 4 of the California Constitution because implementation of the regulations will, if anything, result in savings.

STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

SMALL BUSINESS IMPACT STATEMENT

It is anticipated that small businesses will be impacted since they employ the majority of persons in the state and will provide services for County Welfare Departments and welfare recipients. These regulations have the potential to increase the number of welfare recipients who become employed and/or participate in other Welfare-to-Work activities, due to the required participation of a minimum of 20 hours per week in core activities. These core activities include 1) unsubsidized employment, 2) subsidized private sector employment, 3) subsidized public sector employment, 4) work experience, 5) on-the-job training (OJT), 6) grant-based OJT, 7) supported work or transitional employment, 8) work study, 9) self-employment, 10) community service, 11) vocational education and training (up to 12 months), and 12) job search and job readiness assistance. However, in general, the number and type of small businesses to be impacted is not known since this information is dependent on numerous factors, e.g., the number of recipients who meet their (CalWORKs) Welfare-to-Work requirements through employment, the number of recipients who meet the requirements through educational activities, the types of services that are provided at the local level by governmental versus private businesses, etc.

ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs nor result in the elimination of existing businesses, or create or expand businesses, in the State of California.

STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Sections 10553 and 10554 of the Welfare and Institutions Code. Subject regulations implement and make specific Sections 10531, 10532, 11320.1, 11322, 11322.6, 11322.8, 11322.9, 11324.6, 11325.21, .22, and .23, 11325, 11326, and 11454, Welfare and Institutions Code, SB 1104 (Chapter 229, Statutes of 2004), and SB 68 (Chapter 78, Statutes of 2005).

CDSS REPRESENTATIVE REGARDING
RULEMAKING PROCESS OF THE
PROPOSED REGULATION

Contact Person: Everardo Vaca
(916) 657-2586

Backup: Alison Garcia
(916) 657-2586

EMERGENCY STATEMENT

These regulations are to be adopted on an emergency basis. In order to allow interested persons an opportunity to submit statements or arguments concerning these regulations, they will be considered at public hearing in accordance with Government Code Section 11346.4.

GENERAL PUBLIC INTEREST

**BOARD OF FORESTRY AND
FIRE PROTECTION**

CORRECTION TO NOTICE OF
PROPOSED RULEMAKING

**Amador Plan, 2006
OAL File # Z05-1108-01**

The Board of Forestry and Fire Protection (Board) proposes to adopt the regulations of Title 14 of the California Code of Regulations (14 CCR) described below after considering all comments, objections, and recommendations regarding the proposed action.

Amend:

§ 1261. Standards for Personnel Assignment and Cost Apportionment.

CORRECTION

Revised Written Comment Period: The date for the end of the 45-Day written comment period is revised to January 4, 2005. The previous date was January 2, 2005.

CONTACT PERSON

For questions regarding the regulation or Notice of Correction please contact

Board of Forestry and Fire Protection
Attn: Christopher Zimny
Regulations Coordinator
P.O. Box 944246
Sacramento, CA 94244-2460
Telephone: (916) 653-9418

**DEPARTMENT OF FAIR
EMPLOYMENT AND HOUSING**

NOTICE IS HEREBY GIVEN that the prospective contractors listed below have been required to submit a Nondiscrimination Program (NDP) or a California Employer Identification Report (CEIR) to the Department of Fair Employment and Housing, in accordance with the provisions of Government Code Section 12990. No such program or (CEIR) has been submitted and the prospective contractors are ineligible to enter into State contracts. The prospective contractor's signature on Standard Form 17A, 17B, or 19, therefore, does not constitute a valid self-certification. Until further notice, each of these prospective contracts in order to submit a responsive bid must present evidence that its Nondiscrimination Program has been certified by the Department.

ASIX Communications, Inc.
DBA ASI Telesystems, Inc.
21150 Califa Street
Woodland Hills, CA 91367

Bay Recycling
800 77th Avenue
Oakland, CA 94621

C & C Disposal Service
P. O. Box 234
Rocklin, CA 95677

Choi Engineering Corp.
286 Greenhouse
Marketplace, Suite 329
San Leandro, CA 94579

Fries Landscaping
25421 Clough
Escalon, CA 95320

Marinda Moving, Inc.
8010 Betty Lou Drive
Sacramento, CA 95828

MI-LOR Corporation
P. O. Box 60
Leominster, MA 01453

Peoples Ridesharing
323 Fremont Street
San Francisco, CA 94105

San Diego Physicians &
Surgeons Hospital
446 26th Street
San Diego, CA

Southern CA Chemicals
8851 Dice Road
Santa Fe Springs, CA 90670

Tanemura and Antle Co.
1400 Schilling Place
Salinas, CA 93912

Turtle Building Maintenance Co.
8132 Darien Circle
Sacramento, CA 95828

Univ Research Foundation
8422 La Jolla Shore Dr.
La Jolla, CA 92037

Vandergoot Equipment Co.
P. O. Box 925
Middletown, CA 95461

DECISION NOT TO PROCEED

CALIFORNIA HORSE RACING BOARD

NOTICE OF DECISION NOT TO PROCEED WITH RULEMAKING ACTION RULE 1844

VETERINARY PRACTICES

Pursuant to Government Code Section 11347(a), the California Horse Racing Board has decided not to proceed with the amendment of Rule 1844, Veterinary Practices, of Title 4, Division 4, of the California Code of Regulations.

The notice of proposal to amend Rule 1844 was published in the California Regulatory Notice Register on October 14, 2005, notice file number Z05-1004-08.

PROPOSITION 65

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

SAFE DRINKING WATER AND TOXIC ENFORCEMENT ACT OF 1986 (Proposition 65)

NOTICE TO INTERESTED PARTIES

CHEMICALS LISTED EFFECTIVE December 2, 2005

AS KNOWN TO THE STATE OF CALIFORNIA TO CAUSE REPRODUCTIVE TOXICITY

The Office of Environmental Health Hazard Assessment (OEHHA) of the California Environmental Protection Agency is adding *butyl benzyl phthalate*

(BBP) (CAS No. 85-68-7), *di-n-butyl phthalate* (DBP) (CAS No. 84-74-2), and *di-n-hexyl phthalate* (DnHP) (CAS No. 84-75-3) to the list of chemicals known to the state to cause reproductive toxicity for purposes of the Safe Drinking Water and Toxic Enforcement Act of 1986 (Health and Safety Code section 25249.5 et seq., commonly known as Proposition 65). The listing of the three phthalates is effective **December 2, 2005**.

Butyl benzyl phthalate (BBP) (CAS No. 85-68-7), *di-n-butyl phthalate* (DBP) (CAS No. 84-74-2), and *di-n-hexyl phthalate* (DnHP) (CAS No. 84-75-3) are being listed as chemicals known to the State of California to cause reproductive toxicity for one or more endpoint (see table below). The listing of these chemicals is based on formal identification by an authoritative body, in this case, the National Toxicology Program, in final reports of the National Toxicology Program's Center for the Evaluation of Risks to Human Reproduction ("NTP-CERHR") which conclude that the chemicals cause reproductive toxicity. The criteria used by OEHHA for the listing of chemicals under the "authoritative bodies" mechanism can be found in Title 22, Cal. Code of Regs., section 12306.

The reader is directed to the Notice of Intent to List *butyl benzyl phthalate* (BBP) (CAS No. 85-68-7), *di-n-butyl phthalate* (DBP) (CAS No. 84-74-2), *di-n-hexyl phthalate* (DnHP) (CAS No. 84-75-3) and *di-isodecylphthalate* (DIDP) (CAS Nos. 68515-49-1 and 26761-40-0) published in the March 4, 2005, issue of the *California Regulatory Notice Register* (Register 2005, No. 9-Z) for the documentation supporting OEHHA's determination that the criteria for administrative listing have been satisfied for these chemicals. The listing of the chemical *di-isodecyl phthalate*, which was included in the March 4 Notice of Intent to List, is still under consideration and will be the subject of a future public notice. Three public comments were received on the proposed listing of the phthalates during the 30-day comment period that closed on April 4, 2005.

OEHHA analyses of dose-response data to establish the maximum allowable dose levels (MADLs) for *butyl benzyl phthalate* (BBP) (CAS No. 85-68-7), *di-n-butyl phthalate* (DBP) (CAS No. 84-74-2), and *di-n-hexyl phthalate* (DnHP) (CAS No. 84-75-3) under Proposition 65 have not yet been conducted. The priority status for the development of such analyses will be announced in a future OEHHA *Proposition 65 Status Report for Safe Harbor Levels*, available at <http://www.oehha.ca.gov/prop65.html>.

A complete, updated Proposition 65 list is published elsewhere in this issue of the *California Regulatory Notice Register*.

Reproductive Toxicity

Chemical	CAS No.	Toxicological Endpoint	Listing Mechanism ¹
Butyl benzyl phthalate (BBP)	85-68-7	Developmental toxicity	AB
Di- <i>n</i> -butyl phthalate (DBP)	84-74-2	Developmental toxicity Female reproductive toxicity Male reproductive toxicity	AB
Di- <i>n</i> -hexyl phthalate (DnHP)	84-75-3	Female reproductive toxicity Male reproductive toxicity	AB

¹ Listing mechanism:

AB—"authoritative bodies" mechanism (Title 22, Cal. Code of Regs. Section 12306)

**STATE OF CALIFORNIA
ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF ENVIRONMENTAL
HEALTH HAZARD ASSESSMENT**

**SAFE DRINKING WATER AND TOXIC
ENFORCEMENT ACT OF 1986**

**CHEMICALS KNOWN TO THE STATE
TO CAUSE CANCER OR
REPRODUCTIVE TOXICITY
SEPTEMBER 30, 2005**

The Safe Drinking Water and Toxic Enforcement Act of 1986 requires that the Governor revise and republish at least once per year the list of chemicals known to the State to cause cancer or reproductive toxicity. The identification number indicated in the following list is the Chemical Abstracts Service (CAS) Registry Number. No CAS number is given when several substances are presented as a single listing. The date refers to the initial appearance of the chemical on the list. For easy reference, chemicals which are shown underlined are newly added. Chemicals which are shown with a strikeout were placed on the list with the date noted, and have subsequently been removed.

**CHEMICALS KNOWN TO THE STATE
TO CAUSE CANCER**

Chemical	CAS Number	Date
A- α -C (2-Amino-9H-pyrido[2,3-b]indole)	26148685	January 1, 1990
Acetaldehyde	75070	April 1, 1988
Acetamide	60355	January 1, 1990
Acetochlor	34256821	January 1, 1989
2-Acetylaminofluorene	53963	July 1, 1987
Acifluorfen	62476599	January 1, 1990
Acrylamide	79061	January 1, 1990
Acrylonitrile	107131	July 1, 1987

Chemical	CAS Number	Date
Actinomycin D	50760	October 1, 1989
Adriamycin (Doxorubicin hydrochloride)	23214928	July 1, 1987
AF-2;[2-(2-furyl)-3-(5-nitro-2-furyl)]acrylamide	3688537	July 1, 1987
Aflatoxins	—	January 1, 1988
Alachlor	15972608	January 1, 1989
Alcoholic beverages, when associated with alcohol abuse	—	July 1, 1988
Aldrin	309002	July 1, 1988
<u>Allyl chloride</u>	<u>107051</u>	<u>January 1, 1990</u>
Delisted October 29, 1999	117793	October 1, 1989
2-Aminanthraquinone	60093	January 1, 1990
p-Aminoazobenzene	97563	July 1, 1987
ortho-Aminoazotoluene	—	—
4-Aminobiphenyl (4-aminodiphenyl)	92671	February 27, 1987
1-Amino-2,4-dibromoanthraquinone	81492	August 26, 1997
3-Amino-9-ethylcarbazole hydrochloride	6109973	July 1, 1989
2-Aminofluorene	153786	January 29, 1999
1-Amino-2-methylanthraquinone	82280	October 1, 1989
2-Amino-5-(5-nitro-2-furyl)-1,3,4-thiadiazole	712685	July 1, 1987
4-Amino-2-nitrophenol	119346	January 29, 1999
Amitrole	61825	July 1, 1987
Analgesic mixtures containing phenacetin	—	February 27, 1987
Aniline	62533	January 1, 1990
Aniline hydrochloride	142041	May 15, 1998
ortho-Anisidine	90040	July 1, 1987
ortho-Anisidine hydrochloride	134292	July 1, 1987
Antimony oxide (Antimony trioxide)	1309644	October 1, 1990
Aramite	140578	July 1, 1987
Aristolochic acids	—	July 9, 2004
Arsenic (inorganic arsenic compounds)	—	February 27, 1987
Asbestos	1332214	February 27, 1987
Auramine	492808	July 1, 1987
Azacitidine	320672	January 1, 1992
Azaserine	115026	July 1, 1987
Azathioprine	446866	February 27, 1987
Azobenzene	103333	January 1, 1990
Benz[a]anthracene	56553	July 1, 1987
Benzene	71432	February 27, 1987
Benzidine [and its salts]	92875	February 27, 1987
Benzidine-based dyes	—	October 1, 1992
Benzo[b]fluoranthene	205992	July 1, 1987
Benzo[j]fluoranthene	205823	July 1, 1987
Benzo[k]fluoranthene	207089	July 1, 1987
Benzofuran	271896	October 1, 1990
Benzo[a]pyrene	50328	July 1, 1987
Benzotrichloride	98077	July 1, 1987
Benzyl chloride	100447	January 1, 1990
Benzyl violet 4B	1694093	July 1, 1987
Beryllium and beryllium compounds	—	October 1, 1987
Betel quid with tobacco	—	January 1, 1990

CALIFORNIA REGULATORY NOTICE REGISTER 2005, VOLUME NO. 48-Z

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>	<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
2,2-Bis(bromomethyl)-1,3-propanediol	3296900	May 1, 1996	1-(2-Chloroethyl)-3-(4-methylcyclohexyl)-1-nitrosoarea (Methyl-CCNU)	13909096	October 1, 1988
Bis(2-chloroethyl)ether	111444	April 1, 1988	Chloroform	67663	October 1, 1987
N,N-Bis(2-chloroethyl)-2-naphthylamine (Chlor-napazine)	494031	February 27, 1987	Chloromethyl methyl ether (technical grade)	107302	February 27, 1987
Bischloroethyl nitrosoarea (BCNU)(Carmustine)	154938	July 1, 1987	3-Chloro-2-methylpropene	563473	July 1, 1989
Bis(chloromethyl)ether	542881	February 27, 1987	1-Chloro-4-nitrobenzene	100005	October 29, 1999
Bis(2-chloro-1-methylethyl)ether, technical grade	—	October 29, 1999	4-Chloro-ortho-phenylenedia-mine	95830	January 1, 1988
Bitumens, extracts of	—	—	p-Chloro-o-toluidine	95692	January 1, 1990
steam-refined and air refined	—	January 1, 1990	p-Chloro-o-toluidine, strong acid salts of	—	May 15, 1998
Bracken fern	—	January 1, 1990	5-Chloro-o-toluidine and its strong acid salts	—	October 24, 1997
Bromate	15541454	May 31, 2002	Chloroprene	126998	June 2, 2000
Bromodichloromethane	75274	January 1, 1990	Chlorothalonil	1897456	January 1, 1989
Bromoethane	74964	December 22, 2000	Chlorotrianisene	569573	September 1, 1996
Bromoform	75252	April 1, 1991	Chlorozotocin	54749905	January 1, 1992
1,3-Butadiene	106990	April 1, 1988	Chromium (hexavalent compounds)	—	February 27, 1987
1,4-Butanediol dimethanesulfonate (Busulfan)	55981	February 27, 1987	Chrysene	218019	January 1, 1990
Butylated hydroxyanisole	25013165	January 1, 1990	C.I. Acid Red 114	6459945	July 1, 1992
beta-Butyrolactone	3068880	July 1, 1987	C.I. Basic Red 9	—	—
Cacodylic acid	75605	May 1, 1996	monohydrochloride	569619	July 1, 1989
Cadmium and cadmium compounds	—	October 1, 1987	C.I. Direct Blue 15	2429745	August 26, 1997
Caffeic acid	331395	October 1, 1994	C.I. Direct Blue 218	28407376	August 26, 1997
Captafol	2425061	October 1, 1988	C.I. Solvent Yellow 14	842079	May 15, 1998
Captan	133062	January 1, 1990	Ciclosporin (Cyclosporin A; Cyclosporine)	59865133	January 1, 1992
Carbazole	86748	May 1, 1996	Cidofovir	79217600	January 29, 1999
Carbon black (airborne, unbound particles of respirable size)	1333864	February 21, 2003	Cinnamyl anthranilate	113852372	July 1, 1989
Carbon tetrachloride	56235	October 1, 1987	Cisplatin	87296	October 1, 1988
Carbon-black extracts	—	January 1, 1990	Citrus Red No. 2	15663271	October 1, 1989
N-Carboxymethyl-N-nitrosoarea	60391926	January 25, 2002	Clofibrate	6358538	October 1, 1989
Catechol	120809	July 15, 2003	Cobalt metal powder	637070	September 1, 1996
Ceramic fibers (airborne particles of respirable size)	—	July 1, 1990	Cobalt [III] oxide	7440484	July 1, 1992
Certain combined chemotherapy for lymphomas	—	February 27, 1987	Cobalt sulfate	1307966	July 1, 1992
Chlorambucil	305033	February 27, 1987	Cobalt sulfate heptahydrate	10124433	May 20, 2005
Chloramphenicol	56757	October 1, 1989	Coke oven emissions	10026241	June 2, 2000
Chlordane	57749	July 1, 1988	Conjugated estrogens	—	February 27, 1987
Chlordecone (Kepone)	143500	January 1, 1988	Creosotes	—	February 27, 1987
Chlordimeform	6164983	January 1, 1989	para-Cresidine	—	October 1, 1988
Chlorendic acid	115286	July 1, 1989	Cupferron	120718	January 1, 1988
Chlorinated paraffins (Average chain length, C12; approximately 60 percent chlorine by weight)	108171262	July 1, 1989	Cycasin	135206	January 1, 1988
p-Chloroaniline	106478	October 1, 1994	Cyclophosphamide (anhydrous)	14901087	January 1, 1988
p-Chloroaniline hydrochloride	20265967	May 15, 1998	Cyclophosphamide (hydrated)	50180	February 27, 1987
Chlorodibromomethane	—	—	Cytembena	6055192	February 27, 1987
Delisted October 29, 1999	424481	January 1, 1990	D&C Orange No. 17	21739913	May 15, 1998
Chloroethane (Ethyl chloride)	75003	July 1, 1990	D&C Red No. 8	3468631	July 1, 1990
1-(2-Chloroethyl)-3-cyclohexyl-1-nitrosoarea (CCNU)	13010474	January 1, 1988	D&C Red No. 9	2092560	October 1, 1990
(Lomustine)	—	—	D&C Red No. 19	5160021	July 1, 1990
			Dacarbazine	81889	July 1, 1990
			Daminozide	4342034	January 1, 1988
			Dantron (Chrysazin; 1,8-Dihydroxyanthraqui-none)	1596845	January 1, 1990
			Daunomycin	117102	January 1, 1992
			DDD (Dichlorodiphenyldichloro-ethane)	20830813	January 1, 1988
				72548	January 1, 1989

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>	<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
DDE (Dichlorodiphenyldichloro-ethylene)	72559	January 1, 1989	4-Dimethylaminoazo-benzene	60117	January 1, 1988
DDT (Dichlorodiphenyltrichloro-ethane)	50293	October 1, 1987	trans-2-[(Dimethyl-amino)methylimino]-5-[2-(5-nitro-2-furyl)vinyl]-1,3,4-oxadiazole	55738540	January 1, 1988
DDVP (Dichlorvos)	62737	January 1, 1989	7,12-Dimethylbenz(a)anthracene	57976	January 1, 1990
N,N'-Diacetylbenzidine	613354	October 1, 1989	3,3'-Dimethylbenzidine (ortho-Tolidine)	119937	January 1, 1988
2,4-Diaminoanisole	615054	October 1, 1990	3,3'-Dimethylbenzidine dihydrochloride	612828	April 1, 1992
2,4-Diaminoanisole sulfate	39156417	January 1, 1988	Dimethylcarbamoyl chloride	79447	January 1, 1988
4,4'-Diaminodiphenyl ether (4,4'-Oxydianiline)	101804	January 1, 1988	1,1-Dimethylhydrazine (UDMH)	57147	October 1, 1989
2,4-Diaminotoluene	95807	January 1, 1988	1,2-Dimethylhydrazine	540738	January 1, 1988
Diaminotoluene (mixed)	—	January 1, 1990	Dimethylvinylchloride	513371	July 1, 1989
Diazoaminobenzene	136356	May 20, 2005	3,7-Dinitrofluoranthene	105735715	August 26, 1997
Dibenz[a,h]acridine	226368	January 1, 1988	3,9-Dinitrofluoranthene	22506532	August 26, 1997
Dibenz[a,j]acridine	224420	January 1, 1988	1,6-Dinitropyrene	42397648	October 1, 1990
Dibenz[a,h]anthracene	53703	January 1, 1988	1,8-Dinitropyrene	42397659	October 1, 1990
7H-Dibenzo[c,g]carbazole	194592	January 1, 1988	Dinitrotoluene mixture, 2,4-/2,6-	—	May 1, 1996
Dibenzo[a,e]pyrene	192654	January 1, 1988	2,4-Dinitrotoluene	121142	July 1, 1988
Dibenzo[a,h]pyrene	189640	January 1, 1988	2,6-Dinitrotoluene	606202	July 1, 1995
Dibenzo[a,i]pyrene	189559	January 1, 1988	Di-n-propyl isocinchomer- onate (MGK Repellent 326)	136458	May 1, 1996
Dibenzo[a,l]pyrene	191300	January 1, 1988	1,4-Dioxane	123911	January 1, 1988
1,2-Dibromo-3-chloropropane (DBCP)	96128	July 1, 1987	Diphenylhydantoin (Phenytoin)	57410	January 1, 1988
2,3-Dibromo-1-propanol	96139	October 1, 1994	Diphenylhydantoin (Phenytoin), sodium salt	630933	January 1, 1988
Dichloroacetic acid	79436	May 1, 1996	Direct Black 38 (technical grade)	1937377	January 1, 1988
p-Dichlorobenzene	106467	January 1, 1989	Direct Blue 6 (technical grade)	2602462	January 1, 1988
3,3'-Dichlorobenzidine	91941	October 1, 1987	Direct Brown 95 (technical grade)	16071866	October 1, 1988
3,3'-Dichlorobenzidine dihydrochloride	612839	May 15, 1998	Disperse Blue 1	2475458	October 1, 1990
1,4-Dichloro-2-butene	764410	January 1, 1990	Diuron	330541	May 31, 2002
3,3'-Dichloro-4,4'-diaminodiphenyl ether	28434868	January 1, 1988	Epichlorohydrin	106898	October 1, 1987
1,1-Dichloroethane	75343	January 1, 1990	Erionite	12510428/ 66733219	October 1, 1988
Dichloromethane (Methylene chloride)	75092	April 1, 1988	Estradiol 17B	50282	January 1, 1988
1,2-Dichloropropane	78875	January 1, 1990	Estragole	140670	October 29, 1999
1,3-Dichloropropene	542756	January 1, 1989	Estrogens, steroidal	—	August 19, 2005
Dieldrin	60571	July 1, 1988	Estrone	53167	January 1, 1988
Dienestrol	84173	January 1, 1990	Estropipate	7280377	August 26, 1997
Diepoxybutane	1464535	January 1, 1988	Ethinylestradiol	57636	January 1, 1988
Diesel engine exhaust	—	October 1, 1990	Ethoprop	13194484	February 27, 2001
Di(2-ethylhexyl)phthalate	117817	January 1, 1988	Ethyl acrylate	140885	July 1, 1989
1,2-Diethylhydrazine	1615801	January 1, 1988	Ethylbenzene	100414	June 11, 2004
Diethyl sulfate	64675	January 1, 1988	Ethyl methanesulfonate	62500	January 1, 1988
Diethylstilbestrol (DES)	56531	February 27, 1987	Ethyl-4,4'-dichloro- benzilate	510156	January 1, 1990
Diglycidyl resorcinol ether (DGRE)	101906	July 1, 1989	Ethylene dibromide	106934	July 1, 1987
Dihydrosafrole	94586	January 1, 1988	Ethylene dichloride (1,2-Dichloroethane)	107062	October 1, 1987
Diisopropyl sulfate	2973106	April 1, 1993	Ethylene oxide	75218	July 1, 1987
3,3'-Dimethoxybenzidine (ortho-Dianisidine)	119904	January 1, 1988	Ethylene thiourea	96457	January 1, 1988
3,3'-Dimethoxybenzidine dihydrochloride (ortho-Dianisidine dihydrochloride)	20325400	October 1, 1990	Ethyleneimine	151564	January 1, 1988
3,3'-Dimethoxybenzidine-based dyes metabolized to 3,3'-dimethoxybenzidine	—	June 11, 2004	Fenoxycarb	72490018	June 2, 2000
3,3'-Dimethylbenzidine-based dyes metabolized to 3,3'-dimethylbenzidine	—	June 11, 2004	Folpet	133073	January 1, 1989
Dimethyl sulfate	77781	January 1, 1988	Formaldehyde (gas)	50000	January 1, 1988

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>	<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
2-(2-Formylhydrazino)-4-(5-nitro-2-furyl)thiazole	3570750	January 1, 1988	Lead subacetate	1335326	October 1, 1989
Fumonisin B ₁	116355830	November 14, 2003	Lindane and other hexachlorocyclohexane isomers	—	October 1, 1989
Furan	110009	October 1, 1993	Lynestrenol	52766	February 27, 2001
Furazolidone	67458	January 1, 1990	Mancozeb	8018017	January 1, 1990
Furmecycloz	60568050	January 1, 1990	Maneb	12427382	January 1, 1990
Fusarin C	79748815	July 1, 1995	Me-A-alpha-C (2-Amino-3-methyl-9H-pyrido[2,3-b]indole)	68006837	January 1, 1990
Ganciclovir sodium	82410320	August 26, 1997	Medroxyprogesterone acetate	71589	January 1, 1990
Gasoline engine exhaust (condensates/extracts)	—	October 1, 1990	MeIQ(2-Amino-3,4-dimethylimidazo[4,5-f]quinoline)	77094112	October 1, 1994
Gemfibrozil	25812300	December 22, 2000	MeIQx(2-Amino-3,8-dimethylimidazo[4,5-f]quinoxaline)	77500040	October 1, 1994
Glasswool fibers (airborne particles of respirable size)	—	July 1, 1990	Melphalan	148823	February 27, 1987
Glu-P-1 (2-Amino-6-methyldipyrido[1,2-a:3',2'-d]imidazole)	67730114	January 1, 1990	Merphalan	531760	April 1, 1988
Glu-P-2 (2-Aminodipyrido[1,2-a:3',2'-d]imidazole)	67730103	January 1, 1990	Mestranol	72333	April 1, 1988
Glycidaldehyde	765344	January 1, 1988	Metham sodium	137428	November 6, 1998
Glycidol	556525	July 1, 1990	8-Methoxypsoralen with ultraviolet A therapy	298817	February 27, 1987
Griseofulvin	126078	January 1, 1990	5-Methoxypsoralen with ultraviolet A therapy	484208	October 1, 1988
Gyromitrin (Acetaldehyde methylformylhydrazine)	16568028	January 1, 1988	2-Methylaziridine (Propyleneimine)	75558	January 1, 1988
HC Blue 1	2784943	July 1, 1989	Methylazoxymethanol	590965	April 1, 1988
Heptachlor	76448	July 1, 1988	Methylazoxymethanol acetate	592621	April 1, 1988
Heptachlor epoxide	1024573	July 1, 1988	Methyl carbamate	598550	May 15, 1998
Herbal remedies containing plant species of the genus Aristolochia	—	July 9, 2004	3-Methylcholanthrene	56495	January 1, 1990
Hexachlorobenzene	118741	October 1, 1987	5-Methylchrysene	3697243	April 1, 1988
Hexachlorocyclohexane (technical grade)	—	October 1, 1987	4,4'-Methylene bis(2-chloroaniline)	101144	July 1, 1987
Hexachlorodibenzodioxin	34465468	April 1, 1988	4,4'-Methylene bis(N,N-dimethylbenzenamine)	101611	October 1, 1989
Hexachloroethane	67721	July 1, 1990	4,4'-Methylene bis(2-methylaniline)	838880	April 1, 1988
2,4-Hexadienal (89% trans, trans isomer; 11% cis, trans isomer)	—	March 4, 2005	4,4'-Methylenedianiline	101779	January 1, 1988
Hexamethylphosphoramide	680319	January 1, 1988	4,4'-Methylenedianiline dihydrochloride	13552448	January 1, 1988
Hydrazine	302012	January 1, 1988	Methyleugenol	93152	November 16, 2001
Hydrazine sulfate	10034932	January 1, 1988	Methylhydrazine and its salts	—	July 1, 1992
Hydrazobenzene	—	—	Methyl iodide	74884	April 1, 1988
(1,2-Diphenylhydrazine)	122667	January 1, 1988	Methylmercury compounds	—	May 1, 1996
1-Hydroxyanthraquinone	129431	May 27, 2005	Methyl methanesulfonate	66273	April 1, 1988
Indeno [1,2,3-cd]pyrene	193395	January 1, 1988	2-Methyl-1-nitroanthraquinone (of uncertain purity)	129157	April 1, 1988
Indium phosphide	22398807	February 27, 2001	N-Methyl-N'-nitro-N-nitrosoguanidine	70257	April 1, 1988
IQ (2-Amino-3-methylimidazo[4,5-f]quinoline)	76180966	April 1, 1990	N-Methylolacrylamide	924425	July 1, 1990
Iprodione	36734197	May 1, 1996	Methylthiouracil	56042	October 1, 1989
Iron dextran complex	9004664	January 1, 1988	Metiram	9006422	January 1, 1990
Isobutyl nitrite	542563	May 1, 1996	Metronidazole	443481	January 1, 1988
Isoprene	78795	May 1, 1996	Michler's ketone	90948	January 1, 1988
Isosafrole	120581	October 1, 1989	Mirex	2385855	January 1, 1988
Isoxaflutole	141112290	December 22, 2000	Mitomycin C	50077	April 1, 1988
Lactofen	77501634	January 1, 1989	Monocrotaline	315220	April 1, 1988
Lasiocarpine	303344	April 1, 1988	5-(Morpholinomethyl)-3-[(5-nitrofurfurylidene)-amino]-2-oxalolidinone	139913	April 1, 1988
Lead acetate	301042	January 1, 1988			
Lead and lead compounds	—	October 1, 1992			
Lead phosphate	7446277	April 1, 1988			

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>	<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
Mustard Gas	505602	February 27, 1987	4-(N-Nitrosomethylamino)-1-(3-pyridyl)1-butanone	64091914	April 1, 1990
MX (3-chloro-4-dichloromethyl-5-hydroxy-2(5H)-furanone)	77439760	December 22, 2000	N-Nitrosomethylethylamine	10595956	October 1, 1989
Nafenopin	3771195	April 1, 1988	N-Nitroso-N-methylurea	684935	October 1, 1987
Nalidixic acid	389082	May 15, 1998	N-Nitroso-N-methylurethane	615532	April 1, 1988
Naphthalene	91203	April 19, 2002	N-Nitrosomethylvinylamine	4549400	January 1, 1988
1-Naphthylamine	134327	October 1, 1989	N-Nitrosomorpholine	59892	January 1, 1988
2-Naphthylamine	91598	February 27, 1987	N-Nitrosornicotine	16543558	January 1, 1988
Nickel (Metallic)	7440020	October 1, 1989	N-Nitrosopiperidine	100754	January 1, 1988
Nickel acetate	373024	October 1, 1989	N-Nitrosopyrrolidine	930552	October 1, 1987
Nickel carbonate	3333673	October 1, 1989	N-Nitrososarcosine	13256229	January 1, 1988
Nickel carbonyl	13463393	October 1, 1987	o-Nitrotoluene	88722	May 15, 1998
Nickel compounds	—	May 7, 2004	Norethisterone (Norethin-drone)	68224	October 1, 1989
Nickel hydroxide	12054487;	October 1, 1989	Norethynodrel	68235	February 27, 2001
	12125563				
Nickelocene	1271289	October 1, 1989	Ochratoxin A	303479	July 1, 1990
Nickel oxide	1313991	October 1, 1989	Oil Orange SS	2646175	April 1, 1988
Nickel refinery dust from the pyrometallurgical process	—	October 1, 1987	Oral contraceptives, combined	—	October 1, 1989
Nickel subsulfide	12035722	October 1, 1987	Oral contraceptives, sequential	—	October 1, 1989
Niridazole	61574	April 1, 1988	Oxadiazon	19666309	July 1, 1991
Nitrapyrin	1229824	October 5, 2005	Oxazepam	604751	October 1, 1994
Nitrilotriacetic acid	139139	January 1, 1988	Oxymetholone	434071	January 1, 1988
Nitrilotriacetic acid, tri-sodium salt mono-hydrate	18662538	April 1, 1989	Oxythioquinox	2439012	August 20, 1999
5-Nitroacenaphthene	602879	April 1, 1988	Palygorskite fibers (>5µm in length)	12174117	December 28, 1999
5-Nitro-o-anisidine	99592	October 1, 1989	Panfuran S	794934	January 1, 1988
o-Nitroanisole	91236	October 1, 1992	Pentachlorophenol	87865	January 1, 1990
Nitrobenzene	98953	August 26, 1997	Phenacetin	62442	October 1, 1989
4-Nitrobiphenyl	92933	April 1, 1988	Phenazopyridine	94780	January 1, 1988
6-Nitrochrysene	7496028	October 1, 1990	Phenazopyridine hydrochloride	136403	January 1, 1988
Nitrofen (technical grade)	1836755	January 1, 1988	Phenesterin	3546109	July 1, 1989
2-Nitrofluorene	607578	October 1, 1990	Phenobarbital	50066	January 1, 1990
Nitrofurazone	59870	January 1, 1990	Phenolphthalein	77098	May 15, 1998
1-[(5-Nitrofurfurylidene)-amino]-2-imidazolidinone	555840	April 1, 1988	Phenoxybenzamine	59961	April 1, 1988
N-[4-(5-Nitro-2-furyl)-2-thiazolyl]acetamide	531828	April 1, 1988	Phenoxybenzamine hydrochloride	63923	April 1, 1988
Nitrogen mustard (Mecholethamine)	51752	January 1, 1988	o-Phenylenediamine and its salts	95545	May 15, 1998
Nitrogen mustard hydrochloride (Mecholethamine hydrochloride)	55867	April 1, 1988	Phenyl glycidyl ether	122601	October 1, 1990
Nitrogen mustard N-oxide	126852	April 1, 1988	Phenylhydrazine and its salts	—	July 1, 1992
Nitrogen mustard N-oxide hydrochloride	302705	April 1, 1988	o-Phenylphenate, sodium	132274	January 1, 1990
Nitromethane	75525	May 1, 1997	o-Phenylphenol	90437	August 4, 2000
2-Nitropropane	79469	January 1, 1988	PhiP(2-Amino-1-methyl-6-phenylimidazol[4,5-b]pyridine)	105650235	October 1, 1994
1-Nitropyrene	5522430	October 1, 1990	Polybrominated biphenyls	—	January 1, 1988
4-Nitropyrene	57835924	October 1, 1990	Polychlorinated biphenyls	—	October 1, 1989
N-Nitrosodi-n-butylamine	924163	October 1, 1987	Polychlorinated biphenyls (containing 60 or more percent chlorine by molecular weight)	—	January 1, 1988
N-Nitrosodiethanolamine	1116547	January 1, 1988	Polychlorinated dibenzo-p-dioxins	—	October 1, 1992
N-Nitrosodiethylamine	55185	October 1, 1987	Polychlorinated dibenzofurans	—	October 1, 1992
N-Nitrosodimethylamine	62759	October 1, 1987	Polygeenan	53973981	January 1, 1988
p-Nitrosodiphenylamine	156105	January 1, 1988	Ponceau MX	3761533	April 1, 1988
N-Nitrosodiphenylamine	86306	April 1, 1988	Ponceau 3R	3564098	April 1, 1988
N-Nitrosodi-n-propylamine	621647	January 1, 1988	Potassium bromate	7758012	January 1, 1990
N-Nitroso-N-ethylurea	759739	October 1, 1987	Primidone	125337	August 20, 1999
3-(N-Nitrosomethylamino)propionitrile	60153493	April 1, 1990	Procabazine	671169	January 1, 1988
			Procabazine hydrochloride	366701	January 1, 1988

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
Procymidone	32809168	October 1, 1994
Progesterone	57830	January 1, 1988
Pronamide	23950585	May 1, 1996
Propachlor	1918167	February 27, 2001
1,3-Propane sultone	1120714	January 1, 1988
Propargite	2312358	October 1, 1994
beta-Propiolactone	57578	January 1, 1988
Propylene glycol mono- <i>t</i> -butyl ether	57018527	June 11, 2004
Propylene oxide	75569	October 1, 1988
Propylthiouracil	51525	January 1, 1988
Pyridine	110861	May 17, 2002
Quinoline and its strong acid salts	—	October 24, 1997
Radionuclides	—	July 1, 1989
Reserpine	50555	October 1, 1989
Residual (heavy) fuel oils	—	October 1, 1990
Riddelliine	23246960	December 3, 2004
Saccharin		
Delisted April 6, 2001	81072	October 1, 1989
Saccharin, sodium		
Delisted January 17, 2003	128449	January 1, 1988
Safrole	94597	January 1, 1988
Salicylazosulfapyridine	599791	May 15, 1998
Selenium sulfide	7446346	October 1, 1989
Shale-oils	68308349	April 1, 1990
Silica, crystalline (airborne particles of respirable size)	—	October 1, 1988
Soots, tars, and mineral oils (untreated and mildly treated oils and used engine oils)	—	February 27, 1987
Spironolactone	52017	May 1, 1997
Stanozolol	10418038	May 1, 1997
Sterigmatocystin	10048132	April 1, 1988
Streptozotocin (streptozocin)	18883664	January 1, 1988
Strong inorganic acid mists containing sulfuric acid	—	March 14, 2003
Styrene oxide	96093	October 1, 1988
Sulfallate	95067	January 1, 1988
Talc containing asbestiform fibers	—	April 1, 1990
Tamoxifen and its salts	10540291	September 1, 1996
Terrazole	2593159	October 1, 1994
Testosterone and its esters	58220	April 1, 1988
2,3,7,8-Tetrachlorodibenzo-para-dioxin (TCDD)	1746016	January 1, 1988
1,1,2,2-Tetrachloroethane	79345	July 1, 1990
Tetrachloroethylene (Perchloroethylene)	127184	April 1, 1988
p-a,a,a-Tetrachloro-toluene	5216251	January 1, 1990
Tetrafluoroethylene	116143	May 1, 1997
Tetranitromethane	509148	July 1, 1990
Thioacetamide	62555	January 1, 1988
4,4'-Thiodianiline	139651	April 1, 1988
Thiodicarb	59669260	August 20, 1999
Thiouracil	141902	June 11, 2004
Thiourea	62566	January 1, 1988
Thorium dioxide	1314201	February 27, 1987
Tobacco, oral use of smokeless products	—	April 1, 1988
Tobacco smoke	—	April 1, 1988

<i>Chemical</i>	<i>CAS Number</i>	<i>Date</i>
Toluene diisocyanate	26471625	October 1, 1989
ortho-Toluidine	95534	January 1, 1988
ortho-Toluidine hydrochloride	636215	January 1, 1988
para-Toluidine	406490	January 1, 1990
Delisted October 29, 1999		
Toxaphene (Polychlorinated camphenes)	8001352	January 1, 1988
Treosulfan	299752	February 27, 1987
Trichlormethine (Trimustine hydrochloride)	817094	January 1, 1992
Trichloroethylene	79016	April 1, 1988
2,4,6-Trichlorophenol	88062	January 1, 1988
1,2,3-Trichloropropane	96184	October 1, 1992
Trimethyl phosphate	512561	May 1, 1996
2,4,5-Trimethylaniline and its strong acid salts	—	October 24, 1997
Triphenyltin hydroxide	76879	July 1, 1992
Tris(aziridinyl)-para-benzoquinone (Triaziquone)	68768	October 1, 1989
Tris(1-aziridinyl)phosphine sulfide (Thiotepa)	52244	January 1, 1988
Tris(2-chloroethyl) phosphate	115968	April 1, 1992
Tris(2,3-dibromopropyl)phosphate	126727	January 1, 1988
Trp-P-1 (Tryptophan-P-1)	62450060	April 1, 1988
Trp-P-2 (Tryptophan-P-2)	62450071	April 1, 1988
Trypan blue (commercial grade)	72571	October 1, 1989
Unleaded gasoline (wholly vaporized)	—	April 1, 1988
Uracil mustard	66751	April 1, 1988
Urethane (Ethyl carbamate)	51796	January 1, 1988
Vanadium pentoxide (orthorhombic crystalline form)	1314621	February 11, 2005
Vinclozolin	50471448	August 20, 1999
Vinyl bromide	593602	October 1, 1988
Vinyl chloride	75014	February 27, 1987
4-Vinylcyclohexene	100403	May 1, 1996
4-Vinyl-1-cyclohexene diepoxide (Vinyl cyclohexene dioxide)	106876	July 1, 1990
Vinyl fluoride	75025	May 1, 1997
Vinyl trichloride (1,1,2-Trichloroethane)	79005	October 1, 1990
2,6-Xylidine (2,6-Dimethylaniline)	87627	January 1, 1991
Zileuton	111406872	December 22, 2000
Zineb		
Delisted October 29, 1999	12122677	January 1, 1990

CHEMICALS KNOWN TO THE STATE TO CAUSE REPRODUCTIVE TOXICITY

<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>
Acetazolamide	developmental	59665	August 20, 1999
Acetohydroxamic acid	developmental	546883	April 1, 1990
Actinomycin D	developmental	50760	October 1, 1992
All-trans retinoic acid	developmental	302794	January 1, 1989
Alprazolam	developmental	28981977	July 1, 1990

CALIFORNIA REGULATORY NOTICE REGISTER 2005, VOLUME NO. 48-Z

<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>	<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>
Altretamine	developmental, male	645056	August 20, 1999	Chlorsulfuron	developmental, female, male	64902723	May 14, 1999
Amantadine hydrochloride	developmental	665667	February 27, 2001	Cidofovir	developmental, female, male	113852372	January 29, 1999
Amikacin sulfate	developmental	39831555	July 1, 1990	Cladribine	developmental	4291638	September 1, 1996
Aminogluthethimide	developmental	125848	July 1, 1990	Clarithromycin	developmental	81103119	May 1, 1997
Aminoglycosides	developmental	—	October 1, 1992	Clobetasol propionate	developmental, female	25122467	May 15, 1998
Aminopterin	developmental, female	54626	July 1, 1987	Clomiphene citrate	developmental	50419	April 1, 1990
Amiodarone hydrochloride	developmental, female, male	19774824	August 26, 1997	Clorazepate dipotassium	developmental	57109907	October 1, 1992
Amitraz	developmental	33089611	March 30, 1999	Cocaine	developmental, female	50362	July 1, 1989
Amoxapine	developmental	14028445	May 15, 1998	Codeine phosphate	developmental	52288	May 15, 1998
Anabolic steroids	female, male	—	April 1, 1990	Colchicine	developmental, male	64868	October 1, 1992
Angiotensin converting enzyme (ACE) inhibitors	developmental	—	October 1, 1992	Conjugated estrogens	developmental	—	April 1, 1990
Anisindione	developmental	117373	October 1, 1992	Cyanazine	developmental	21725462	April 1, 1990
Arsenic (inorganic oxides)	developmental	—	May 1, 1997	Cycloate	developmental	1134232	March 19, 1999
Aspirin (NOTE: It is especially important not to use aspirin during the last three months of pregnancy, unless specifically directed to do so by a physician because it may cause problems in the unborn child or complications during delivery.)	developmental, female	50782	July 1, 1990	Cyclohexanol Delisted January 25, 2002	male	1089930	November 6, 1998
Atenolol	developmental	29122687	August 26, 1997	Cycloheximide	developmental	66819	January 1, 1989
Auranofin	developmental	34031328	January 29, 1999	Cyclophosphamide (anhydrous)	developmental, female, male	50180	January 1, 1989
Azathioprine	developmental	446866	September 1, 1996	Cyclophosphamide (hydrated)	developmental, female, male	6055192	January 1, 1989
Barbiturates	developmental	—	October 1, 1992	Cyhexatin	developmental	13121705	January 1, 1989
Beclomethasone dipropionate	developmental	5534098	May 15, 1998	Cytarabine	developmental	147944	January 1, 1989
Benomyl	developmental, male	17804352	July 1, 1991	Dacarbazine	developmental	4342034	January 29, 1999
Benzene	developmental, male	71432	December 26, 1997	Danazol	developmental	17230885	April 1, 1990
Benzodiazepines	developmental	—	October 1, 1992	Daurorubicin hydrochloride	developmental	23541506	July 1, 1990
Benzphetamine hydrochloride	developmental	5411223	April 1, 1990	2,4-D butyric acid	developmental, male	94826	June 18, 1999
Bischloroethyl nitrosourea (BCNU) (Carmustine)	developmental	154938	July 1, 1990	o,p' -DDT	developmental, female, male	789026	May 15, 1998
Bromacil lithium salt	developmental male	53404196	May 18, 1999 January 17, 2003	p,p' -DDT	developmental, female, male	50293	May 15, 1998
1-Bromopropane	developmental, female, male	106945	December 7, 2004	2,4-DP (dichloroprop) Delisted January 25, 2002	developmental	120365	April 27, 1999
2-Bromopropane	female, male	75263	May 31, 2005	Demeclocycline hydrochloride (internal use)	developmental	64733	January 1, 1992
Bromoxynil	developmental	1689845	October 1, 1990	Diazepam	developmental	439145	January 1, 1992
Bromoxynil octanoate	developmental	1689992	May 18, 1999	Diazoxide	developmental	364987	February 27, 2001
Butabarbital sodium	developmental	143817	October 1, 1992	1,2-Dibromo-3- chloropropane (DBCP)	male	96128	February 27, 1987
1,3-Butadiene	developmental, female, male	106990	April 16, 2004	Di-n-butyl phthalate (DBP)	developmental, female, male	84742	December 2, 2005
1,4-Butanediol dimethane-sulfonate (Busulfan)	developmental	55981	January 1, 1989	Dichlorophene	developmental	97234	April 27, 1999
Butyl benzyl phthalate (BBP)	developmental	85687	December 2, 2005	Dichlorophenamide	developmental	120978	February 27, 2001
Cadmium	developmental, male	—	May 1, 1997	Diclofop methyl	developmental	51338273	March 5, 1999
Carbamazepine	developmental	298464	January 29, 1999	Dicumarol	developmental	66762	October 1, 1992
Carbon disulfide	developmental, female, male	75150	July 1, 1989	Di(2-ethylhexyl)phthalate (DEHP)	developmental, male	117817	October 24, 2003
Carbon monoxide	developmental	630080	July 1, 1989	Diethylstilbestrol (DES)	developmental	56531	July 1, 1987
Carboplatin	developmental	41575944	July 1, 1990	Diffunisal	developmental, female	22494424	January 29, 1999
Chenodiol	developmental	474259	April 1, 1990	Di-n-hexyl phthalate (DnHP)	female, male	84753	December 2, 2005
Chinomethionat (Oxythioquinox)	developmental	2439012	November 6, 1998	Dihydroergotamine mesylate	developmental	6190392	May 1, 1997
Chlorambucil	developmental	305033	January 1, 1989	Diltiazem hydrochloride	developmental	33286225	February 27, 2001
Chlorcyclizine hydrochloride	developmental	1620219	July 1, 1987	m-Dinitrobenzene	male	99650	July 1, 1990
Chlordecone (Kepone)	developmental	143500	January 1, 1989	o-Dinitrobenzene	male	528290	July 1, 1990
Chlordiazepoxide	developmental	58253	January 1, 1992	p-Dinitrobenzene	male	100254	July 1, 1990
Chlordiazepoxide hydrochloride	developmental	438415	January 1, 1992	2,4-Dinitrotoluene	male	121142	August 20, 1999
1-(2-Chloroethyl)-3- cyclohexyl-1-nitrosourea (CCNU) (Lomustine)	developmental	13010474	July 1, 1990	2,6-Dinitrotoluene	male	606202	August 20, 1999
				Dinitrotoluene (technical grade)	female, male	—	August 20, 1999
				Dinocap	developmental	39300453	April 1, 1990
				Dinoseb	developmental, male	88857	January 1, 1989
				Diphenylhydantoin (Phenytoin)	developmental	57410	July 1, 1987
				Disodium cyanodithio- imidocarbonate	developmental	138932	March 30, 1999
				Doxorubicin hydrochloride	developmental, male	23214928	January 29, 1999
				Doxycycline (internal use)	developmental	564250	July 1, 1990
				Doxycycline calcium (internal use)	developmental	94088854	January 1, 1992

CALIFORNIA REGULATORY NOTICE REGISTER 2005, VOLUME NO. 48-Z

<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>	<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>
Doxycycline hyclate (internal use)	developmental	24390145	October 1, 1991	Mebendazole	developmental	31431397	August 20, 1999
Doxycycline monohydrate (internal use)	developmental	17086281	October 1, 1991	Medroxyprogesterone acetate	developmental	71589	April 1, 1990
Endrin	developmental	72208	May 15, 1998	Megestrol acetate	developmental	595335	January 1, 1991
Epichlorohydrin	male	106898	September 1, 1996	Melphalan	developmental	148823	July 1, 1990
Ergotamine tartrate	developmental	379793	April 1, 1990	Menotropins	developmental	9002680	April 1, 1990
Estropipate	developmental	7280377	August 26, 1997	Meprobamate	developmental	57534	January 1, 1992
Ethionamide	developmental	536334	August 26, 1997	Mercaptopurine	developmental	6112761	July 1, 1990
Ethyl alcohol in alcoholic beverages	developmental	—	October 1, 1987	Mercury and mercury compounds	developmental	—	July 1, 1990
Ethyl dipropylthiocarbamate	developmental	759944	April 27, 1999	Methacycline hydrochloride	developmental	3963959	January 1, 1991
Ethylene dibromide	developmental, male	106934	May 15, 1998	Metham sodium	developmental	137428	May 15, 1998
Ethylene glycol monoethyl ether	developmental, male	110805	January 1, 1989	Methazole	developmental	20354261	December 1, 1999
Ethylene glycol monomethyl ether	developmental, male	109864	January 1, 1989	Methimazole	developmental	60560	July 1, 1990
Ethylene glycol monoethyl ether acetate	developmental, male	111159	January 1, 1993	Methotrexate	developmental	59052	January 1, 1989
Ethylene glycol monomethyl ether acetate	developmental, male	110496	January 1, 1993	Methotrexate sodium	developmental	15475566	April 1, 1990
Ethylene oxide	female	75218	February 27, 1987	Methyl bromide as a structural fumigant	developmental	74839	January 1, 1993
Ethylene thiourea	developmental	96457	January 1, 1993	Methyl chloride	developmental	74873	March 10, 2000
Etodolac	developmental, female	41340254	August 20, 1999	Methyl mercury	developmental	—	July 1, 1987
Etoposide	developmental	33419420	July 1, 1990	N-Methylpyrrolidone	developmental	872504	June 15, 2001
Etretinate	developmental	54350480	July 1, 1987	Methyltestosterone	developmental	58184	April 1, 1990
Fenoxaprop ethyl	developmental	66441234	March 26, 1999	Metiram	developmental	9006422	March 30, 1999
Filgrastim	developmental	121181531	February 27, 2001	Midazolam hydrochloride	developmental	59467968	July 1, 1990
Fluazifop butyl	developmental	69806504	November 6, 1998	Minocycline hydrochloride (internal use)	developmental	13614987	January 1, 1992
Flunisolide	developmental, female	3385033	May 15, 1998	Misoprostol	developmental	59122462	April 1, 1990
Fluorouracil	developmental	51218	January 1, 1989	Mitoxantrone hydrochloride	developmental	70476823	July 1, 1990
Fluoxymesterone	developmental	76437	April 1, 1990	Myclobutanil	developmental, male	88671890	April 16, 1999
Flurazepam hydrochloride	developmental	1172185	October 1, 1992	Nabam	developmental	142596	March 30, 1999
Flurbiprofen	developmental, female	5104494	August 20, 1999	Nafarelin acetate	developmental	86220420	April 1, 1990
Flutamide	developmental	13311847	July 1, 1990	Neomycin sulfate (internal use)	developmental	1405103	October 1, 1992
Fluticasone propionate	developmental	80474142	May 15, 1998	Netilmicin sulfate	developmental	56391572	July 1, 1990
Fluvalinate	developmental	69409945	November 6, 1998	Nickel carbonyl	developmental	13463393	September 1, 1996
Ganciclovir sodium	developmental, male	82410320	August 26, 1997	Nicotine	developmental	54115	April 1, 1990
Gemfibrozil	female, male	25812300	August 20, 1999	Nifedipine	developmental, female, male	21829254	January 29, 1999
Goserelin acetate	developmental, female, male	65807025	August 26, 1997	Nimodipine	developmental	66085594	April 24, 2001
Halazepam	developmental	23092173	July 1, 1990	Nitrapyrin	developmental	1929824	March 30, 1999
Halobetasol propionate	developmental	66852548	August 20, 1999	Nitrofurantoin	developmental male	67209	April 1, 1991
Haloperidol	developmental, female	52868	January 29, 1999	Nitrogen mustard (Mechlorethamine)	developmental	51752	January 1, 1989
Halothane	developmental	151677	September 1, 1996	Nitrogen mustard hydrochloride (Mechlorethamine hydrochloride)	developmental	55867	July 1, 1990
Heptachlor	developmental	76448	August 20, 1999	Norethisterone	developmental	68224	April 1, 1990
Hexachlorobenzene	developmental	118741	January 1, 1989	(Norethindrone)	developmental	51989	October 1, 1991
Hexamethylphosphoramide	male	680319	October 1, 1994	Norethisterone acetate (Norethindrone acetate)	developmental	68224/57636	April 1, 1990
Histrelin acetate	developmental	—	May 15, 1998	Norethisterone (Norethindrone)/Ethinyl estradiol	developmental	68224/72333	April 1, 1990
Hydramethylnon	developmental, male	67485294	March 5, 1999	Norethisterone (Norethindrone)/Mestranol	developmental	6533002	April 1, 1990
Hydroxyurea	developmental	127071	May 1, 1997	Norgestrel	developmental	19666309	May 15, 1998
Idarubicin hydrochloride	developmental, male	57852570	August 20, 1999	Oxadiazon	developmental	604751	October 1, 1992
Ifosfamide	developmental	3778732	July 1, 1990	Oxazepam	developmental	301122	November 6, 1998
Iodine-131	developmental	10043660	January 1, 1989	Oxydemeton methyl	female, male	434071	May 1, 1997
Isotretinoin	developmental	4759482	July 1, 1987	Oxymetholone	developmental	79572	January 1, 1991
Lead	developmental, female, male	—	February 27, 1987	Oxytetracycline (internal use)	developmental	2058460	October 1, 1991
Leuprolide acetate	developmental, female, male	74381536	August 26, 1997	Oxytetracycline hydrochloride (internal use)	developmental	33069624	August 26, 1997
Levodopa	developmental	59927	January 29, 1999	Paclitaxel	developmental, female, male	115673	July 1, 1990
Levonorgestrel implants	female	797637	May 15, 1998	Paramethadione	developmental	52675	January 1, 1991
Linuron	developmental	330552	March 19, 1999	Penicillamine	developmental	57330	July 1, 1990
Lithium carbonate	developmental	554132	January 1, 1991	Pentobarbital sodium	developmental	53910251	September 1, 1996
Lithium citrate	developmental	919164	January 1, 1991	Pentostatin	developmental	63989	July 1, 1990
Lorazepam	developmental	846491	July 1, 1990	Phenacetide	developmental	435972	October 1, 1992
Lovastatin	developmental	75330755	October 1, 1992	Phenprocoumon	developmental		

<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>
Pimozide	developmental, female	2062784	August 20, 1999
Pipobroman	developmental	54911	July 1, 1990
Plicamycin	developmental	18378897	April 1, 1990
Polybrominated biphenyls	developmental	—	October 1, 1994
Polychlorinated biphenyls	developmental	—	January 1, 1991
Potassium dimethyldithio- carbamate	developmental	128030	March 30, 1999
Pravastatin sodium	developmental	81131706	March 3, 2000
Prednisolone sodium phosphate	developmental	125020	August 20, 1999
Procarbazine hydrochloride	developmental	366701	July 1, 1990
Propargite	developmental	2312358	June 15, 1999
Propylthiouracil	developmental	51525	July 1, 1990
Pyrimethamine	developmental	58140	January 29, 1999
Quazepam	developmental	36735225	August 26, 1997
Quizalofop-ethyl	male	76578148	December 24, 1999
Resmethrin	developmental	10453868	November 6, 1998
Retinol/retinyl esters, when in daily dosages in excess of 10,000 IU, or 3,000 retinol equivalents. (NOTE: Retinol/retinyl esters are required and essential for maintenance of normal reproductive function. The recom- mended daily level during pregnancy is 8,000 IU.)	developmental	—	July 1, 1989
Ribavirin	developmental	36791045	April 1, 1990
Rifampin	male	36791045	February 27, 2001
	developmental, female	13292461	February 27, 2001
Secobarbital sodium	developmental	309433	October 1, 1992
Sermorelin acetate	developmental	—	August 20, 1999
Sodium dimethyldithiocarbamate	developmental	128041	March 30 1999
Sodium fluoroacetate	male	62748	November 6, 1998
Streptomycin sulfate	developmental	3810740	January 1, 1991
Streptozocin (streptozotocin)	developmental, female, male	18883664	August 20, 1999
Sulfasalazine	male	599791	January 29, 1999
Sulindac	developmental, female	38194502	January 29, 1999
Tamoxifen citrate	developmental	54965241	July 1, 1990
Temazepam	developmental	846504	April 1, 1990
Teniposide	developmental	29767202	September 1, 1996
Terbacil	developmental	5902512	May 18, 1999
Testosterone cypionate	developmental	58208	October 1, 1991
Testosterone enanthate	developmental	315377	April 1, 1990
2,3,7,8-Tetrachlorodibenzo- paradioxin (TCDD)	developmental	1746016	April 1, 1991
Tetracycline (internal use)	developmental	60548	October 1, 1991
Tetracyclines (internal use)	developmental	—	October 1, 1992
Tetracycline hydrochloride (internal use)	developmental	64755	January 1, 1991
Thalidomide	developmental	50351	July 1, 1987
Thioguanine	developmental	154427	July 1, 1990
Thiophanate methyl	female, male	23564058	May 18, 1999
Tobacco smoke (primary)	developmental, female, male	—	April 1, 1988
Tobramycin sulfate	developmental	49842071	July 1, 1990
Toluene	developmental	108883	January 1, 1991
Triadimefon	developmental, female, male	43121433	March 30, 1999
Triazolam	developmental	28911015	April 1, 1990
Tributyltin methacrylate	developmental	2155706	December 1, 1999
Trientine hydrochloride	developmental	38260014	February 27, 2001
Triforine	developmental	26644462	June 18, 1999
Trilostane	developmental	13647353	April 1, 1990
Trimethadione	developmental	127480	January 1, 1991
Trimetrexate glucuronate	developmental	82952645	August 26, 1997
Triphenyltin hydroxide	developmental	76879	March 18, 2002
Uracil mustard	developmental, female, male	66751	January 1, 1992

<i>Chemical</i>	<i>Type of Reproductive Toxicity</i>	<i>CAS No.</i>	<i>Date Listed</i>
Urethane	developmental	51796	October 1, 1994
Urofollitropin	developmental	97048130	April 1, 1990
Valproate (Valproic acid)	developmental	99661	July 1, 1987
Vinblastine sulfate	developmental	143679	July 1, 1990
Vinclozolin	developmental	50471448	May 15, 1998
Vincristine sulfate	developmental	2068782	July 1, 1990
Warfarin	developmental	81812	July 1, 1987
Zileuton	developmental, female	111406872	December 22, 2000

Date: December 2, 2005

SUMMARY OF REGULATORY ACTIONS

REGULATIONS FILED WITH SECRETARY OF STATE

This Summary of Regulatory Actions lists regulations filed with the Secretary of State on the dates indicated. Copies of the regulations may be obtained by contacting the agency or from the Secretary of State, Archives, 1020 O Street, Sacramento, CA, 95814, (916) 653-7715. Please have the agency name and the date filed (see below) when making a request.

BOARD OF FORESTRY AND FIRE PROTECTION Transition Silviculture, 2005

This action amends the limitations on transition of silvicultural methods to uneven-aged management in order to permit more opportunities for transition from unbalanced, irregular, and evenaged structure.

Title 14

California Code of Regulations

AMEND: 913.2 [933.2, 953.2], 913.11 [933.11, 953.11]

Filed 11/16/05

Effective 01/01/06

Agency Contact:

Christopher Zimny

(916) 653-9418

BOARD OF PSYCHOLOGY

Proration of Continuing Education Requirements

Section 2982 of the Business and Professions Code provides that all licenses expire at 12 midnight on the legal birth date of the licensee during the second year of a two year term, if not renewed. Section 2915 of the Business and Professions Code provides that the board shall issue renewal licenses only to those applicants who have completed 36 hours of approved continuing education in the preceding two years. This regulatory action provides that a licensee who renews his or her

license for the first time after the initial issuance of the license is only required to accrue continuing education for the number of months that the license was in effect at the rate of 1.5 hours of approved continuing education per month.

Title 16
California Code of Regulations
AMEND: 1397.61(a)
Filed 11/21/05
Effective 12/21/05
Agency Contact: Kathy Bradbury (916) 263-0712

**CALIFORNIA INTEGRATED WASTE
MANAGEMENT BOARD**
Long-Term Gas Violations at Permitted Facilities

In this regulatory action, the California Integrated Waste Management Board amends a regulation pertaining to the Board's review of solid waste facility permits to set forth the Board's practices regarding facilities with certain long-term landfill gas standard violations.

Title 27
California Code of Regulations
AMEND: 21685
Filed 11/17/05
Effective 12/17/05
Agency Contact: John Bell (916) 341-6368

COMMISSION ON STATE MANDATES
Delegation of Certain Functions

This action establishes procedures for appeal of Executive Director decisions. This action is exempt from OAL review pursuant to Government Code section 17527(g).

Title 2
California Code of Regulations
AMEND: 1181
Filed 11/16/05
Effective 12/16/05
Agency Contact: Cathy Cruz (916) 323-3562

DEPARTMENT OF CORPORATIONS
AG's Fingerprint Transmission Requirement

This is a nonsubstantive action conforming regulations with statutory changes, specifically Statutes of 2003, Chapter 470, added to Section 11077.1 of the Penal Code. The subject concerns fingerprint transmission requirements to the Department of Justice.

Title 10
California Code of Regulations
AMEND: 260.210, 260.211, 1726, 1950.122, 2020
Filed 11/23/05
Effective 12/23/05
Agency Contact: Karen Fong (916) 322-3553

**DEPARTMENT OF CORRECTIONS AND
REHABILITATION**

Behavior Modification Unit Pilot Program

This regulatory action implements a pilot program that creates a behavior modification unit. This file is exempt from OAL review pursuant to Penal Code 5058.1.

Title 15
California Code of Regulations
ADOPT: 3999.2
Filed 11/21/05
Effective 11/21/05
Agency Contact: Stephanie Winn (916) 358-2460

DEPARTMENT OF FOOD AND AGRICULTURE
Mediterranean Fruit Fly Interior Quarantine

This emergency amendment to 3 CCR 3406(b), to be effective on filing with the Secretary of State, expands by another 41 square miles the existing San Bernardino County Mediterranean fruit fly quarantine area, some of which has been established by other, recent emergency regulations. Three new infestation epicenters were determined to exist in the Rancho Cucamonga area based on four November 2005 trap findings of egg-laden adult female flies, shortly after filing of the last emergency amendment to this section on 10/25/05.

Title 3
California Code of Regulations
AMEND: 3406(b)
Filed 11/23/05
Effective 11/23/05
Agency Contact: Stephen Brown (916) 654-1017

DEPARTMENT OF FOOD AND AGRICULTURE
Service Agency Examination and Licensing

This regulatory action deals with the application for licensure as a service agent, and the requirements for replacing a lost or mutilated service agent license and maintaining a service agent license.

Title 4
California Code of Regulations
AMEND: 4083
Filed 11/23/05
Effective 12/23/05
Agency Contact: Roger Macey

DEPARTMENT OF INDUSTRIAL RELATIONS
Car Washes

The regulatory action deals with car washing and polishing. Please note that on November 21, 2005 the agency withdrew in writing subdivision (d) of section 13693.

Title 8
California Code of Regulations
ADOPT: 13680, 13681, 13682, 13683, 13684, 13685, 13686, 13687, 13688, 13689, 13690, 13691, 13692, 13693

Filed 11/22/05
Effective 12/22/05
Agency Contact: Susie Smith (916) 327-8660

DEPARTMENT OF INDUSTRIAL RELATIONS

Car Washes

This regulatory action is to adopt § 13694 in order to implement and make specific Labor Code § 2065 which establishes a Car Wash Worker Restitution Fund ("Fund"). The purpose of the Fund is to provide a financial remedy for car wash workers who have been damaged by an employer's failure to pay wages or other earned benefits. This new section establishes the procedure to make a claim for payment from the Fund.

Title 8
California Code of Regulations
ADOPT: 13694
Filed 11/22/05
Effective 12/22/05
Agency Contact:
Gary J. O'Mara (916) 263-2882

DEPARTMENT OF JUSTICE

Car Wash Bond

This print only file is the Department of Justice's approval of the Department of Industrial Relations' Car Wash Surety Bond Form DLSE 668 (09/05)

Title 11
California Code of Regulations
ADOPT: 49.17
Filed 11/22/05
Effective 11/22/05
Agency Contact: Anne M. Burr (415) 703-1403

MANAGED RISK MEDICAL INSURANCE BOARD

Premium Increase for Healthy Families

This action is the Certificate of Compliance filing making permanent the prior emergency adoption of monthly premium payment increases for specified subscribers to the Healthy Families Program as mandated by SB1103 (Chap. 228, Stats. 2004).

Title 10
California Code of Regulations
AMEND: 2699.6600, 2699.6809
Filed 11/16/05
Effective 11/16/05
Agency Contact:
Donald G. Minnich (916) 327-7978

MEDICAL BOARD OF CALIFORNIA

Citable Offenses

This regulatory action adds statutory provisions to those already listed for which a licensee may receive a citation that may contain an order of abatement or an order to pay an administrative fine assessed by the Board where the licensee is found to be in violation of

these statutory provisions. This regulation also provides that a citation may be issued for violation of terms or conditions of probation, and establishes the circumstances where the maximum administrative fine of \$5,000 may be imposed.

Title 16
California Code of Regulations
AMEND: 1364.11
Filed 11/18/05
Effective 12/18/05
Agency Contact:
Kevin A. Schunke (916) 263-2368

CCR CHANGES FILED WITH THE SECRETARY OF STATE WITHIN JUNE 29, 2005 TO NOVEMBER 23, 2005

All regulatory actions filed by OAL during this period are listed below by California Code of Regulation's titles, then by date filed with the Secretary of State, with the Manual of Policies and Procedures changes adopted by the Department of Social Services listed last. For further information on a particular file, contact the person listed in the Summary of Regulatory Actions section of the Notice Register published on the first Friday more than nine days after the date filed.

Title 2

11/16/05 AMEND: 1181
11/07/05 ADOPT: 1859.300, 1859.301, 1859.302, 1859.310, 1859.311, 1859.312, 1859.313, 1859.314, 1859.315, 1859.316, 1859.317, 1859.318, 1859.319, 1859.320, 1859.321, 1859.322, 1859.323, 1859.323.1, 1859.323.2, 1859.324, 1859.325, 1859.326, 1859.327, 1859.328, 1
11/07/05 AMEND: 20107
10/31/05 AMEND: 1859.2, 1859.81, 1866
10/27/05 AMEND: 1859.2, 1859.51, 1859.104.3, 1859.147, 1859.202, 1866, Form SAB 50-01
10/24/05 ADOPT: 1859.23 AMEND: 1859.2, 1859.122, 1859.123 1859.123.1
10/18/05 ADOPT: 18732.5
10/11/05 AMEND: 18401, 18427.1, 18700, 18705, 18707.9, 18730, 18750
10/11/05 ADOPT: 18117, 18772
10/11/05 AMEND: 18450.4
10/06/05 ADOPT: 18735.5
09/23/05 ADOPT: 2280, 2281, 2282, 2283, 2284
09/15/05 AMEND: Div. 8, Ch. 71, Sec. 56000
09/13/05 AMEND: 18730
09/07/05 AMEND: Div. 8, Ch. 99, Sec. 58800
09/06/05 ADOPT: 1183.12, 1183.13, 1183.14 AMEND: 1181, 1181.1, 1181.2, 1181.3,

1183, 1183.01, 1183.02, 1183.03,
1183.04, 1183.05, 1183.06, 1183.07,
1183.08, 1183.1, 1183.11, 1183.12,
1183.2, 1183.21, 1183.3, 1187, 1187.2,
1187.3, 1187.4, 1188.1, 1188.3, 1188.4,
08/29/05 AMEND: Div. 8, Ch. 6, Sec. 27000
08/15/05 AMEND: 51000
08/09/05 ADOPT: 59520
08/04/05 AMEND: 2271
07/27/05 ADOPT: Div. 8, Ch. 23, Sec. 44000
07/20/05 AMEND: 18570
07/20/05 ADOPT: 18530.7
07/18/05 AMEND: 18452
07/18/05 AMEND: 55400
07/06/05 AMEND: 7286.0

Title 3

11/23/05 AMEND: 3406(b)
10/25/05 AMEND: 3406(b)
10/24/05 AMEND: 3433(b)
10/20/05 AMEND: 3591.19(a)
10/19/05 AMEND: 3406(b)
10/18/05 ADOPT: 3591.18
10/17/05 AMEND: 3406(b)
10/07/05 ADOPT: 6551
10/07/05 AMEND: 3406(b)
10/04/05 ADOPT: 3963
10/03/05 AMEND: 3433
09/28/05 ADOPT: 3591.19
09/27/05 AMEND: 3700(c)
09/16/05 ADOPT: 581
08/12/05 AMEND: 3700(c)
08/08/05 ADOPT: 1811, 1812, 1850 AMEND:
1804, 1806, 1808, 1831 1930, 1931,
1932, 1940, 1941, 1942, 1943, 1944,
1945, 1946, 1950 REPEAL: 1809, 1810,
1851, 1851.1, 1870.1, 1870.2, 1871,
1872, 1873, 1951, 1960, 1961
07/21/05 AMEND: 6400
07/11/05 AMEND: 3423(b)
07/01/05 AMEND: 2311(b)

Title 4

11/23/05 AMEND: 4083
11/01/05 ADOPT: 10300, 10302, 10310, 10315,
10317, 10320, 10322, 10325, 10326,
10327, 10335, 10337
10/27/05 ADOPT: 7030, 7031, 7032, 7033, 7034,
7035, 7036, 7037, 7038, 7039, 7040,
7041, 7042, 7043, 7044, 7045, 7046,
7047, 7048, 7049, 7050 AMEND: 7047,
7048 REPEAL: 7049
10/27/05 ADOPT: 9001, 9005, 9006, 9007, 9025,
9027, 9050, 9051, 9052, 9053, 9054,
9055, 9056, 9057, 9058, 9059, 9060,
9061, 9062, 9063, 9064, 9065, 9066,
9067, 9068, 9069, 9070 AMEND: 9020,
9030, 9031, 9032, 9041, 9043

10/12/05 AMEND: 1433
09/13/05 ADOPT: 1843.6
09/12/05 AMEND: 4140
08/24/05 AMEND: 1663
08/17/05 AMEND: 1976.9
08/08/05 AMEND: 1887

Title 5

11/15/05 AMEND: 6111
11/10/05 AMEND: 19826.1
10/19/05 AMEND: 11900, 11905, 11915, 11920,
11925, 11930, 11935
10/14/05 ADOPT: 18092.5 AMEND: 18066,
18069, 18078, 18081, 18083, 18084,
18092, 18103, 18106, 18109, 18110
10/14/05 ADOPT: 18092.5 AMEND: 18066,
18069, 18078, 18081, 18083, 18084,
18092, 18103, 18106, 18109, 18110
10/11/05 ADOPT: 19850, 19851, 19852, 19853,
19854 AMEND: 19814, 19814.1
10/11/05 ADOPT: 18220.2, 18224.2, 18224.4,
18240.5, 18249 AMEND: 18220, 18240,
18248, 18244
09/28/05 AMEND: 50500
09/01/05 REPEAL: 1630
08/22/05 AMEND: 850, 851, 852, 853, 853.5, 854,
855, 857, 858, 859, 861, 862, 863, 864,
864.5, 865, 866, 867, 867.5, 868870
08/16/05 ADOPT: 1207.5 AMEND: 1200, 1203,
1204.5, 1206, 1207, 1209, 1210, 1211,
1211.5, 1215, 1215.5, 1216, 1217, 1225
08/01/05 ADOPT: 15140, 15141
07/28/05 ADOPT: 1030.5, 1030.6, 1030.7, 1030.8
07/12/05 AMEND: 22000

Title 8

11/22/05 ADOPT: 13694
11/22/05 ADOPT: 13680, 13681, 13682, 13683,
13684, 13685, 13686, 13687, 13688,
13689, 13690, 13691, 13692, 13693
09/29/05 AMEND: 9789.11
09/22/05 ADOPT: 9792.6, 9792.7, 9792.8, 9792.9,
9792.10 REPEAL: 9792.11
09/09/05 ADOPT: 9767.1, 9767.2, 9767.3, 9767.4,
9767.5, 9767.6, 9767.7, 9767.8, 9767.9,
9767.10, 9767.11, 9767.12, 9767.13,
9767.14, 9767.15
08/25/05 AMEND: 6184
08/22/05 ADOPT: 3395
08/10/05 AMEND: 8615
08/09/05 AMEND: 6251
08/02/05 ADOPT: 5022.1 AMEND: 4968
08/02/05 AMEND: 770
07/28/05 AMEND: 1529, 1535, 5190, 5210, and
8358

Title 10

11/23/05 AMEND: 260.210, 260.211, 1726, 1950.122, 2020
 11/16/05 AMEND: 2699.6600, 2699.6809
 11/15/05 AMEND: 2690.1
 11/03/05 ADOPT: 2698.95.1, 2698.95.11, 2698.95.12, 2698.96, 2698.97, 9698.97.1, 2698.98, 2698.98.1 AMEND: 2698.95
 10/20/05 AMEND: 2318.6, 2353.1, 2354
 10/07/05 ADOPT: 2698.30, 2698.31, 2698.32, 2698.33, 2698.34, 2698.35, 2698.36, 2698.37, 2698.38, 2698.39, 2698.40, 2698.41, 2698.42, 2698.43 REPEAL: Sections 2698.30, 2698.31, 2698.32, 2698.33, 2698.34, 2698.35, 2698.36, 2698.37, 2698.38, 2698.39, 2698.40, 2698.
 09/28/05 AMEND: 2498.4.9
 09/28/05 AMEND: 260.121
 07/07/05 AMEND: 4010, 4011, 4013, 4016, 4018, 4019, 5000, 5001, 5002, 5003, 5005, 5006, 5007, 5008, 5009, 5010, 5013, 5020, 5050, 5051, 5060, 5061, 5070, 5110, 5111, 5112, 5113, 5114, 5115, 5116, 5117, 5118, 5119, 5260, 5261, 5262, 5263, 5264, 5266, 5267, 5268,
 06/30/05 AMEND: 2699.6600, 2699.6809

Title 11

11/22/05 ADOPT: 49.17
 10/24/05 AMEND: 1070, 1081, 1082
 08/22/05 AMEND: 1001, 1002, 1007
 08/22/05 AMEND: 1002, 1007, 1018, 1008, 1015
 08/12/05 AMEND: 1005, 1060
 08/01/05 AMEND: 1005, 1014
 07/28/05 ADOPT: 720, 721, 722, 723, 724,

Title 12

09/19/05 ADOPT: 460, 461

Title 13

11/08/05 AMEND: 550, 551.11, 551.12
 10/27/05 AMEND: 2453, 2455
 10/18/05 AMEND: 28.18, 28.19, 28.20, 28.21, 28.22, 28.23
 09/15/05 ADOPT: 1961.1 AMEND: 1900, 1961
 09/15/05 AMEND: 1961(d)
 09/12/05 AMEND: 2262, 2264.2, 2266.5(a)(6)
 08/24/05 AMEND: 551.2, 551.15
 08/18/05 AMEND: 2754
 08/16/05 AMEND: 345.39, 345.45, 345.56, 345.78
 08/11/05 AMEND: 423.00
 08/08/05 AMEND: 2185
 08/02/05 AMEND: 2450, 2451, 2452, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465

07/28/05 AMEND: 25.15, 25.18, 25.19, 25.21, 25.22

07/27/05 AMEND: 350.24

07/19/05 ADOPT: 15.04

Title 13, 17

07/05/05 ADOPT: 2299 (Title 13), 93117 (Title 17) AMEND: 2281 (Title 13), 2282 (Title 13), 2284 (Title 13)

Title 14

11/16/05 AMEND: 913.2 [933.2, 953.2], 913.11 [933.11, 953.11]
 11/09/05 ADOPT: 1038(i) AMEND: 1038.2, 1038(e)
 11/02/05 AMEND: 632
 11/01/05 ADOPT: 2.45, 251.9
 10/31/05 AMEND: 180.1
 10/26/05 AMEND: 2516
 10/25/05 AMEND: 11900
 10/24/05 AMEND: 1251, 1252, 1252.1, 1253, 1254, 1256, 1257
 10/18/05 ADOPT: 17939.1, 17939.2, 17939.3, 17939.4, 17939.5 AMEND: 17930, 17931, 17932, 17933, 17934, 17934.1, 17934.3, 17934.5, 17935, 17935.1, 17935.2, 17935.3, 17935.4, 17935.5, 17935.55, 17935.6, 17936
 10/13/05 AMEND: 895, 895.1, 1038, 1038(f)
 10/13/05 AMEND: 699.5
 10/12/05 ADOPT: 18459.1.2 AMEND: 18449, 18450, 18451, 18453.2 18456, 18456.2.1, 18459, 18459.1, 18459.2.1, 18459.3, 18460.1, 18460.1.1, 18460.2, 18460.2.1, 18461, 19462, 18463, 18464, 18466
 10/06/05 AMEND: 15000, 15001, 15002, 15003, 15004, 15005, 15006, 15007, 15020, 15021, 15022, 15023, 15024, 15025, 15040, 15041, 15042, 15043, 15044, 15045, 15050, 15051, 15052, 15053, 15060, 15060.5, 15061, 15062, 15063, 15064, 15064.5, 15064.7, 15065, 15070
 09/30/05 AMEND: 502, 506
 09/21/05 ADOPT: 18801.1, 18808.1, 18808.2, 18808.3, 18808.4, 18808.5, 18808.6, 18808.7, 18808.8, 18808.9, 18808.10, 18808.11, 18809.1, 18809.2, 18809.3, 18809.4, 18809.5, 18809.6, 18809.7, 18809.8, 18809.9, 18809.10, 18809.11, 18810.1, 18810.2, 18810.3, 18810.4,
 09/20/05 AMEND: 13800
 08/26/05 AMEND: 7.50(b)(91.1)
 08/24/05 AMEND: 183 REPEAL: 188
 08/23/05 AMEND: 230
 08/23/05 AMEND: 7.50
 08/08/05 ADOPT: 4970.02, 4970.03, 4970.04, 4970.05, 4970.06, 4970.07, 4970.08, 4970.09, 4970.10, 4970.11, 4970.12,

4970.13, 4970.14, 4970.15, 4970.16,
4970.17, 4970.18, 4970.19, 4970.20,
4970.21 AMEND: 4970.00, 4970.01 RE-
PEAL: 4970.02, 4970.03, 4970.04,
4970.05
08/05/05 ADOPT: 1052.4 AMEND: 895.1, 1052,
1052.1
07/21/05 AMEND: 18419
07/19/05 AMEND: 354, 360, 361, 362, 363, 478.1,
708
07/13/05 AMEND: 122 REPEAL: Appendix A,
Form DFG 122

Title 14, 27

08/23/05 AMEND: Title 14, sections 17850(a);
17852(a)(5), (a)(11), (a)(12), (a)(13),
(a)(15), (a)(16), (a)(21), (a)(22), (a)(24),
(a)(36), (a)(41); 17855(a), (a)(5)(A);
17855(a)(5)(B), (a)(7); 17855.4(a), (c),
(d)(1), (d)(2), (d)(3); 17856(a), (c), (c)(1);
17

Title 15

11/21/05 ADOPT: 3999.2
11/01/05 AMEND: 3287
09/13/05 ADOPT: 3480, 3480.1, 3483, 3484, 3485
AMEND: 3084.1, 3084.7, 3480, 3481,
3482, 3483
08/23/05 AMEND: 3025
08/03/05 ADOPT: 3436
07/07/05 ADOPT: 3187 AMEND: 3006, 3188,
3189, 3331

Title 16

11/21/05 AMEND: 1397.61(a)
11/18/05 AMEND: 1364.11
11/15/05 AMEND: 69, 75.5, 87.5, 89, 89.1, 95,
95.2, 95.3, 95.4
10/24/05 AMEND: 1399.50, 1399.52
10/20/05 AMEND: 1922.3
10/20/05 AMEND: 1870, 1870.1, 1874
10/18/05 AMEND: 1807.2, 1833, 1833.1, 1833.2,
1887.4, 1889, 1889.1, 1889.3
10/11/05 AMEND: 7, 7.1, 9, 9.2, 11.5, 13 RE-
PEAL: 14
10/06/05 AMEND: 1016, 1017
10/05/05 AMEND: 1014, 1014.1
09/20/05 AMEND: 407(c)
09/09/05 AMEND: 1399.170.11
09/07/05 ADOPT: 1712 AMEND: 1706.2, 1715,
1717, 1719, 1720, 1720.1, 1725, 1726,
1728, 1732, 1732.05, 1732.1, 1732.2,
1732.3, 1732.4, 1732.5, 1732.6, 1732.7,
1745, 1749 REPEAL: 1727, 1750
09/06/05 ADOPT: 1659.30(a)(b)(c), 1659.31(a)(b),
1659.32(a)(b), 1659.33, 1659.34(a)(b)(c),
1659.35
09/06/05 ADOPT: 1070.4

08/29/05 AMEND: 404.1, 404.2
08/25/05 AMEND: 1399.15
08/25/05 AMEND: 473
08/16/05 ADOPT: 4200, 4202, 4204, 4206, 4208,
4210, 4212, 4214, 4216, 4218, 4220,
4222, 4224, 4226, 4228, 4230, 4232,
4234, 4236, 4240, 4242, 4244, 4246,
4248, 4250, 4252, 4254, 4256, 4258,
4260, 4262, 4264, 4266, 4268
07/28/05 AMEND: 1387, 1387.1, 1387.2, 1387.3,
1387.5, 1387.6, 1390, 1390.3, 1391
07/27/05 AMEND: 2085.2
07/26/05 AMEND: 418
07/22/05 AMEND: 109, 116, 117
07/22/05 AMEND: 1888
07/21/05 ADOPT: 1070.5
07/18/05 ADOPT: 1399.327, 1399.350.5,
1399.352.7, 1399.372.5
07/12/05 AMEND: 1397.51
07/06/05 ADOPT: 1922.3, 1993.1 AMEND:
1950.5, 1951, 1953
07/05/05 ADOPT: 1399.454 AMEND: 1399.450,
1399.451
07/05/05 ADOPT: 1398.26.1

Title 17

11/10/05 AMEND: 54355, 56002, 56040
10/18/05 ADOPT: 30194.1, 30194.2 AMEND:
30100, 30145, 30145.1, 30225, 30230,
30231, 30408, 30535 REPEAL: 30232
09/12/05 ADOPT: 1029.117, 1029.134, 1031.8,
1031.9, 1032.5, 1035.3, 1035.4
09/07/05 REPEAL: 1411.1, 1420.1, 1420.2,
1420.3, 1420.4, 1420.5, 1422.3, 1498,
1498.1, 1498.2, 1498.3, 1498.4, 1498.5,
1498.6, 1498.7, 1498.8, 1498.9
08/31/05 ADOPT: 93102.5
08/18/05 AMEND: 94006
08/01/05 ADOPT: 58800, 58810, 58811, 58812,
58820, 58821, 58822, 58830, 58831,
58832, 58833, 58834, 58840, 58841,
58842, 58850, 58851, 58860, 58861,
58862, 58863, 58864, 58870, 58871,
58872, 58873, 58874, 58875, 58876,
58879, 58880
07/22/05 ADOPT: 50243, 50245, 50247, 50249,
50251, 50253, 50255, 50257, 50259,
50261, 50262, 50263, 50265, 50267
07/11/05 AMEND: 54319
06/30/05 AMEND: 2500, 2502, 2505

Title 18

10/04/05 AMEND: 1698
07/08/05 ADOPT: 4056.1

Title 20

09/08/05 ADOPT: 2800, 2801, 2810, 2811, 2820, 2821, 2822, 2823, 2830, 2831, 2832, 2833, 2834, 2835, 2836, 2840, 2841, 2842
07/26/05 AMEND: 1340, 1341, 1342, 1343, 1344

Title 21

09/09/05 ADOPT: 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619

Title 22

11/10/05 ADOPT: 51000.6.1, 51000.10.1, 51000.15.1, 51000.20.1, 51000.24.1, 5100.25.1, 51000.25.2, 51000.31, 51000.32, 51000.51, 51000.52, 51000.53, 51000.55, 51000.60, 51051 AMEND: 51000.1, 51000.1.1, 51000.3, 51000.4, 51000.6, 51000.7, 51000.16, 51000.30, 51000
10/04/05 AMEND: 80072(a)(8), 85068.4
09/27/05 ADOPT: 4400(jj), 4403.1, 4446.5 AMEND: 4400(I), 4403, 4412.1, 4415, 4417
09/27/05 AMEND: 311-1
09/02/05 AMEND: 4418 REPEAL: 4419, 4442.1, 4444
08/24/05 AMEND: 51510, 51510.1, 51511, 51511.5, 51511.6, 51535, 51535.1, 51544, 54501
08/12/05 AMEND: 12805
08/12/05 AMEND: 12705
08/11/05 AMEND: 97212,, 97232, and 97241.
08/10/05 ADOPT: 97800, 97810, 97820, 97830, 97840, 97850, 97860, 97870, 97880, 97890
07/11/05 AMEND: 70217
07/06/05 ADOPT: 72516, 73518
06/30/05 AMEND: 90417

Title 22, MPP

08/05/05 ADOPT: 40-036 AMEND: 22-071, 22-072, 22-305, 40-103, 40-105, 40-107, 40-119, 40-125, 40-131, 40-173, 40-181, 40-188, 40-190, 41-405, 42-209, 42-213, 42-221, 42-302, 42-406, 42-407, 42-716, 42-721, 42-751, 42-769, 44-101, 44-102, 44-111, 44-113, 44-115,
06/29/05 AMEND: 63.103.2, 63-300.5, 63-402.229, 63-503.441, 63-509(b), 63-509(c), 63-801.737(QR)

Title 23

10/21/05 AMEND: 1062, 1063, 1064, 1065, 1066, 1067, 1071, 1077, 3833.1 REPEAL: 793
10/13/05 ADOPT: 2200.6 AMEND: 2200
10/12/05 ADOPT: 3005
10/04/05 AMEND: 2908
10/03/05 AMEND: 3900
09/22/05 ADOPT: 18456.2.1, 18460.2.1, Forms CIWMB 173 (4/04), 180(3/04) AMEND: 18449, 18450, 18451, 18456, 18459, 18459.2.1, 18459.3, 18461, 18462
09/08/05 ADOPT: 3966
08/19/05 AMEND: 2611
08/18/05 ADOPT: 3906
07/25/05 ADOPT: 3298
07/22/05 ADOPT: 3979
07/13/05 ADOPT: 3420, 3421, 3422, 3423, 3424, 3425, 3426, 3427, 3428

Title 25

11/07/05 AMEND: 5002, 5020, 5021, 5340, 5348
09/27/05 ADOPT: 8430, 8431, 8432, 8433, 8434
08/12/05 AMEND: 8204, 8210, 8211, 8212, 8212.1, 8213, 8217
07/22/05 ADOPT: 1019, 1105, 1276, 2105, 2276
07/11/05 AMEND: 8002, 8004, 8012, 8014
07/07/05 ADOPT: 8439, 8439.1, 8439.2, 8439.3, 8439.4, 8440, 8440.1, 8440.2, 8440.3, 8441, 8441.1, 8441.2, 8441.3, 8441.4, 8441.5, 8442, 8442.1, 8442.2, 8442.3, 8442.4, 8442.5, 8442.6, 8442.7, 8442.8, 8442.9, 8442.10, 8442.11, 8443, 8443.1, 8443.2, 8443.3, 8443.4,

Title 27

11/17/05 AMEND: 21685
09/29/05 ADOPT: 20070, 21569, 21835
09/26/05 ADOPT: 15241, 15242

Title 28

08/22/05 ADOPT: 1300.67.1.3
08/10/05 ADOPT: 1300.75.4.2, 1300.75.4.4, 1300.75.4.7, 1300.75.4.8 AMEND: 1300.75.4, 1300.75.4.5
07/25/05 AMEND: 1300.74.30

Title MPP

09/20/05 REPEAL: 11-405.22
08/12/05 AMEND: 42-101
08/05/05 ADOPT: 63-508, 63-509 AMEND: 63-034, 63-102, 63-103, 63-300, 63-301, 63-410, 63-501, 63-503, 63-504, 63-505, 63-801, 63-804
08/01/05 AMEND: 11-400, 11-102, 11-403, 11-406

